

Wickliffe City School District
GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Wickliffe City School District
Wickliffe, Ohio

We have reviewed the Independent Auditor's Report of the Wickliffe City School District, Lake County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 2000 to June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wickliffe City School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 15, 2002

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WICKLIFFE CITY SCHOOL DISTRICT

FOR THE YEAR ENDED JUNE 30, 2001

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Independent Auditors' Report

Board of Education
Wickliffe City School District
Wickliffe, Ohio

We have audited the accompanying general-purpose financial statements of the Wickliffe City School District as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wickliffe City School District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2001 on our consideration of the Wickliffe City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Cleveland, Ohio
December 14, 2001

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WICKLIFFE CITY SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2001

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS AND OTHER DEBITS</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash				
Equivalents	\$ 5,284,534	\$ 525,193	\$ 62,524	\$ 563,709
Receivables:				
Taxes	11,273,642	-	283,761	-
Accounts	12,843	543	-	-
Accrued Interest	30,176	-	-	-
Intergovernmental	1,014,503	181,672	22,440	-
Interfund	529,993	-	-	-
Inventories, at Cost	72,010	-	-	-
Prepaid Items	21,524	466	-	-
Fixed Assets, Net of Accumulated				
Depreciation	-	-	-	-
<u>Other Debits</u>				
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for Retirement of				
General Long-Term Obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Other Debits	\$ <u>18,239,225</u>	\$ <u>707,874</u>	\$ <u>368,725</u>	\$ <u>563,709</u>

See Accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
\$ 57,699	\$ 2,051	\$ 146,911	\$ -	\$ -	\$ 6,642,621
-	-	-	-	-	11,557,403
240	370,940	-	-	-	384,566
-	-	-	-	-	30,176
18,140	-	-	-	-	1,236,755
-	-	-	-	-	529,993
6,735	-	-	-	-	78,745
-	-	-	-	-	21,990
18,989	2,522	-	10,814,044	-	10,835,555
-	-	-	-	84,964	84,964
-	-	-	-	<u>2,493,158</u>	<u>2,493,158</u>
\$ <u>101,803</u>	\$ <u>375,513</u>	\$ <u>146,911</u>	\$ <u>10,814,044</u>	\$ <u>2,578,122</u>	\$ <u>33,895,926</u>

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WICKLIFFE CITY SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

(CONTINUED)

JUNE 30, 2001

<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities</u>				
Accounts Payable	\$ 673,546	\$ 77,523	\$ -	\$ -
Accrued Wages and Benefits	965,012	23,130	-	-
Accrued Compensated Absences	294,656	112	-	-
Due to Other Governments	29,412	705	-	-
Interfund Payable	-	165,549	-	-
Deferred Revenue	11,273,642	-	283,761	-
Due to Students	-	-	-	-
Accrued Pension and Surcharges	195,840	3,578	-	-
General Obligation Bonds Payable	-	-	-	-
Total Liabilities	13,432,108	270,597	283,761	-
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
<u>Fund Balance:</u>				
Reserved for Encumbrances	745,098	98,024	-	47,151
Reserved for Inventory	72,010	-	-	-
Reserved for Prepaid Items	21,524	466	-	-
Reserved for Capital Improvements	14,686	-	-	-
Reserved for Debt Service	-	-	84,964	-
Unreserved - Undesignated	3,953,799	338,787	-	516,558
Total Fund Equity and Other Credits	4,807,117	437,277	84,964	563,709
Total Liabilities, Fund Equity and Other Credits	\$ 18,239,225	\$ 707,874	\$ 368,725	\$ 563,709

See Accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 751,069
19,622	29,760	-	-	-	1,037,524
5,442	-	-	-	842,377	1,142,587
598	907	-	-	-	31,622
-	364,444	-	-	-	529,993
-	-	-	-	-	11,557,403
-	-	17,183	-	-	17,183
15,398	4,337	-	-	-	219,153
-	-	-	-	<u>1,735,745</u>	<u>1,735,745</u>
<u>41,060</u>	<u>399,448</u>	<u>17,183</u>	<u>-</u>	<u>2,578,122</u>	<u>17,022,279</u>
-	-	-	10,814,044	-	10,814,044
2,196	-	-	-	-	2,196
58,547	(23,935)	5,643	-	-	40,255
-	-	779	-	-	891,052
-	-	-	-	-	72,010
-	-	-	-	-	21,990
-	-	-	-	-	14,686
-	-	-	-	-	84,964
-	-	<u>123,306</u>	<u>-</u>	<u>-</u>	<u>4,932,450</u>
<u>60,743</u>	<u>(23,935)</u>	<u>129,728</u>	<u>10,814,044</u>	<u>-</u>	<u>16,873,647</u>
\$ <u>101,803</u>	\$ <u>375,513</u>	\$ <u>146,911</u>	\$ <u>10,814,044</u>	\$ <u>2,578,122</u>	\$ <u>33,895,926</u>

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 2001

	<u>General</u>	<u>Special Revenue</u>
<u>Revenues</u>		
From Local Sources:		
Restricted Grant-In-Aid	\$ 668	\$ 459,497
Taxes	9,850,312	-
Tuition	105,922	-
Earnings on Investments	478,685	5,055
Food Service	-	-
Extracurricular Activities	-	110,286
Classroom Activities	38,916	-
Miscellaneous	89,842	40,217
From Intermediate Sources:		
Restricted Grant-In-Aid	9,000	14,050
From State Sources:		
Unrestricted Grant-In-Aid	3,633,304	-
State Receipts	<u>24,108</u>	<u>567,667</u>
Total Revenues	<u>14,230,757</u>	<u>1,196,772</u>
<u>Expenditures</u>		
Instruction:		
Regular	6,488,822	83,656
Special	879,703	67,962
Other Instruction	959,612	-
Supporting Services:		
Pupils	753,693	128,395
Instructional Staff	351,458	66,372
Board of Education	125,207	-
Administration	1,088,420	39,081
Fiscal Services	377,214	-
Business	135,179	-
Operations and Maintenance - Plant	1,641,797	1,678
Pupil Transportation	1,023,335	2,930
Central Services	287,799	21,636
Food Service Operations	93	112
Community Services	-	482,241
Extracurricular Activities:		
Student Productions	18,267	55,127
Sport Activities	233,195	101,636
Co-curricular Activities	21,214	3,288

See Accompanying Notes to the General Purpose Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ -	\$ 460,165
200,570	-	-	10,050,882
-	-	-	105,922
-	-	10,585	494,325
-	-	920	920
-	-	1,588	111,874
-	-	-	38,916
-	-	6,637	136,696
-	-	-	23,050
22,440	-	-	3,655,744
-	<u>26,500</u>	-	<u>618,275</u>
<u>223,010</u>	<u>26,500</u>	<u>19,730</u>	<u>15,696,769</u>
-	642	-	6,573,120
-	-	-	947,665
-	-	-	959,612
-	-	-	882,088
-	860	-	418,690
-	-	-	125,207
-	-	-	1,127,501
-	-	-	377,214
-	-	-	135,179
-	630,504	-	2,273,979
-	-	-	1,026,392
-	3,330	-	312,765
-	-	-	78
-	-	11,959	494,200
-	-	-	73,394
-	-	-	334,831
-	-	-	24,502

(Continued)

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2001

	<u>General</u>	<u>Special Revenue</u>
Capital Outlay:		
Property Assessments	6,748	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>14,391,756</u>	<u>1,054,114</u>
Excess of Revenues Over (Under) Expenditures	<u>(160,999)</u>	<u>142,658</u>
<u>Other Financing Sources (Uses)</u>		
Transfers - In	18,858	56,066
Refund of Prior Year Expenditures	251,452	107
Transfers - Out	(301,226)	(3,249)
Refund of Prior Year Receipts	<u>-</u>	<u>(1,417)</u>
Total Other Financing Sources (Uses)	<u>(30,916)</u>	<u>51,507</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(191,915)	194,165
Fund Balances, Beginning of Year	5,002,516	243,112
Decrease in Reserve for Inventory	<u>(3,484)</u>	<u>-</u>
Fund Balances, End of Year	\$ <u>4,807,117</u>	\$ <u>437,277</u>

See Accompanying Notes to the General Purpose Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Total (Memorandum Only)</u>
-	-	-	6,748
258,458	-	-	258,458
<u>104,856</u>	<u>-</u>	<u>-</u>	<u>104,856</u>
<u>363,314</u>	<u>635,336</u>	<u>11,959</u>	<u>16,456,479</u>
<u>(140,304)</u>	<u>(608,836)</u>	<u>7,771</u>	<u>(759,710)</u>
123,133	-	-	198,057
-	-	21	251,580
-	-	-	(304,475)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,417)</u>
<u>123,133</u>	<u>-</u>	<u>21</u>	<u>143,745</u>
(17,171)	(608,836)	7,792	(615,965)
102,135	1,172,545	116,293	6,636,601
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,484)</u>
\$ <u>84,964</u>	\$ <u>563,709</u>	\$ <u>124,085</u>	\$ <u>6,017,152</u>

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES **FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
From Local Sources:			
Taxes	\$ 8,598,295	\$ 10,688,903	\$ 2,090,608
Tuition	83,422	103,705	20,283
Earnings on Investments	326,083	519,338	193,255
Classroom Materials and Fees	34,672	43,132	8,460
Miscellaneous	63,915	81,548	17,633
From Intermediate Sources:			
Restricted Grant-in-Aid	7,240	9,000	1,760
From State Sources:			
Unrestricted Grant-in-Aid	2,201,459	2,736,726	535,267
State Receipts	19,393	24,108	4,715
From Federal Sources:			
Restricted Grant-in-Aid	537	668	131
Total Revenues	<u>11,335,016</u>	<u>14,207,128</u>	<u>2,872,112</u>
<u>Expenditures</u>			
Instruction:			
Regular	6,686,385	6,686,385	-
Special	823,272	823,272	-
Other	1,464,056	1,464,056	-
Supporting Services:			
Pupil	685,162	685,162	-
Instructional Staff	329,057	329,057	-
Board of Education	144,362	144,362	-
Administration	1,109,688	1,109,688	-
Fiscal Services	367,188	367,188	-
Business	144,276	144,276	-
Operation and Maintenance - Plant	1,708,024	1,708,000	24
Pupil Transportation	1,091,153	1,091,153	-
Central Services	333,331	333,331	-
Extracurricular Activities:			
Student Productions	16,874	16,874	-
Sports Activities	184,027	184,027	-
Co-Curricular Activities	14,079	14,079	-
Capital Outlay	6,748	6,748	-
Total Expenditures	<u>15,107,682</u>	<u>15,107,658</u>	<u>24</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,772,666)</u>	<u>(900,530)</u>	<u>2,872,136</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) **FOR THE YEAR ENDED JUNE 30, 2001**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Other Financing Sources (Uses)</u>			
Sale of Assets	-	1,817	1,817
Transfers - In	18,858	18,858	-
Advances - In	-	417,077	417,077
Refund of Prior Year Expenditures	14,066	129,973	115,907
Transfers - Out	(301,226)	(301,226)	-
Advances - Out	-	(529,993)	(529,993)
Total Other Financing Sources (Uses)	(268,302)	(263,494)	4,808
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,040,968)	(1,164,024)	2,876,944
Cash Fund Balance, Beginning of Year	5,556,971	5,556,971	-
Cash Fund Balance, End of Year:			
Unreserved	1,516,003	4,392,947	2,876,944
Encumbrances at Year End	891,587	891,587	-
Total Cash Fund Balance, End of Year	\$ 2,407,590	\$ 5,284,534	\$ 2,876,944

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2001

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
From Local Sources:			
Earnings on Investments	\$ 5,920	\$ 5,055	\$ (865)
Miscellaneous	47,106	40,222	(6,884)
Extracurricular Activities	129,794	110,827	(18,967)
From Intermediate Sources:			
Restricted Grant-In-Aid	16,455	14,050	(2,405)
From State Sources:			
State Receipts	663,803	566,801	(97,002)
From Federal Sources:			
Restricted Grant-In-Aid	<u>113,539</u>	<u>278,691</u>	<u>165,152</u>
Total Revenues	<u>976,617</u>	<u>1,015,646</u>	<u>39,029</u>
<u>Expenditures</u>			
Instruction:			
Regular	92,305	92,305	-
Special	73,367	73,367	-
Supporting Services:			
Pupil	134,723	131,891	2,832
Instructional Staff	76,419	76,419	-
Administration	38,932	38,932	-
Operation and Maintenance - Plant	1,678	1,678	-
Pupil Transportation	98	2,930	(2,832)
Central Services	29,097	29,097	-
Community Services	540,208	543,438	(3,230)
Extracurricular Activities:			
Student Productions	59,267	59,267	-
Sports Activities	108,715	108,715	-
Co-Curricular Activities	<u>3,288</u>	<u>3,288</u>	<u>-</u>
Total Expenditures	<u>1,158,097</u>	<u>1,161,327</u>	<u>(3,230)</u>
Excess of Revenues Over (Under) Expenditures	<u>(181,480)</u>	<u>(145,681)</u>	<u>35,799</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL
GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Special Revenue Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses)</u>			
Sale of Assets	-	107	107
Advances - In	-	165,549	165,549
Transfers - In	56,066	56,066	-
Transfers - Out	(3,249)	(3,249)	-
Advances - Out	-	(30,538)	(30,538)
Refund of Prior Year Receipts	(1,417)	(1,417)	-
Total Other Financing Sources (Uses)	<u>51,400</u>	<u>186,518</u>	<u>135,118</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(130,080)	40,837	170,917
Cash Fund Balance, Beginning of Year	<u>313,367</u>	<u>313,367</u>	<u>-</u>
Cash Fund Balance, End of Year:			
Unreserved	183,287	354,204	170,917
Reserved for Encumbrances	<u>170,989</u>	<u>170,989</u>	<u>-</u>
Total Cash Fund Balance, End of Year	\$ <u>354,276</u>	\$ <u>525,193</u>	\$ <u>170,917</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
From Local Sources:			
Taxes	\$ <u>231,134</u>	\$ <u>215,504</u>	\$ <u>(15,630)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	258,458	258,458	-
Interest and Fiscal Charges	<u>104,856</u>	<u>104,856</u>	<u>-</u>
Total Expenditures	<u>363,314</u>	<u>363,314</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(132,180)	(147,810)	(15,630)
<u>Other Financing Sources (Uses)</u>			
Transfers - In	<u>67,970</u>	<u>123,133</u>	<u>55,163</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(64,210)	(24,677)	39,533
Cash Fund Balance, Beginning of Year	<u>87,201</u>	<u>87,201</u>	<u>-</u>
Total Cash Fund Balance, End of Year	\$ <u>22,991</u>	\$ <u>62,524</u>	\$ <u>39,533</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) **FOR THE YEAR ENDED JUNE 30, 2001**

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
From State Sources:			
State Receipts	\$ -	\$ 26,500	\$ 26,500
<u>Expenditures</u>			
Instruction:			
Regular	1,145	1,145	-
Supporting Services:			
Instructional Staff	860	860	-
Operation and Maintenance Plant	823,970	823,970	-
Central Services	<u>3,330</u>	<u>3,330</u>	<u>-</u>
Total Expenditures	<u>829,305</u>	<u>829,305</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(829,305)	(802,805)	26,500
<u>Other Financing Sources (Uses)</u>			
Transfers - Out	<u>(43,365)</u>	<u>(43,365)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(872,670)	(846,170)	26,500
Cash Fund Balance, Beginning of Year	<u>1,362,728</u>	<u>1,362,728</u>	<u>-</u>
Cash Fund Balance, End of Year:			
Unreserved	490,058	516,558	26,500
Reserved for Encumbrances	<u>47,151</u>	<u>47,151</u>	<u>-</u>
Total Cash Fund Balance, End of Year	<u>\$ 537,209</u>	<u>\$ 563,709</u>	<u>\$ 26,500</u>

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2001

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Non- Expendable Trust</u>	<u>Total (Memorandum Only)</u>
<u>Operating Revenues</u>				
Taxes	\$ 8,389	\$ -	\$ -	\$ 8,389
Tuition	8,364	15,581	-	23,945
Food Services	200,115	-	-	200,115
Extracurricular Activities	627	467	-	1,094
Miscellaneous	<u>27,078</u>	<u>-</u>	<u>300</u>	<u>27,378</u>
Total Operating Revenues	<u>244,573</u>	<u>16,048</u>	<u>300</u>	<u>260,921</u>
<u>Operating Expenses</u>				
Salaries and Wages	209,530	272,887	-	482,417
Fringe Benefits	61,428	89,769	-	151,197
Contractual Supplies	15,504	20,049	-	35,553
Materials and Supplies	119,807	5,494	-	125,301
Depreciation	4,989	742	-	5,731
Other Expense	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Total Operating Expenses	<u>411,258</u>	<u>388,941</u>	<u>300</u>	<u>800,499</u>
Operating Loss	<u>(166,685)</u>	<u>(372,893)</u>	<u>-</u>	<u>(539,578)</u>
<u>Non-Operating Revenues (Expenses)</u>				
State Sources:				
State Receipts	5,144	-	-	5,144
Federal Sources:				
Unrestricted Grants-In-Aid	77,396	-	-	77,396
Restricted Grant-In-Aid	17,179	-	-	17,179
Refund of Prior Year Expenses	-	424,102	-	424,102
Miscellaneous	<u>(117)</u>	<u>-</u>	<u>-</u>	<u>(117)</u>
Total Non-Operating Revenues (Expenses)	<u>99,602</u>	<u>424,102</u>	<u>-</u>	<u>523,704</u>
Net Income (Loss) Before Operating Transfers	(67,083)	51,209	-	(15,874)
Operating Transfers - In	<u>101,475</u>	<u>-</u>	<u>-</u>	<u>101,475</u>
Net Income	34,392	51,209	-	85,601
Retained Earnings (Deficit), Beginning of Year, Restated	<u>24,155</u>	<u>(75,144)</u>	<u>5,643</u>	<u>(45,346)</u>
Retained Earnings (Deficit), End of Year	\$ <u>58,547</u>	\$ <u>(23,935)</u>	\$ <u>5,643</u>	\$ <u>40,255</u>

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2001

	Enterprise Funds	Internal Service Funds	Non- Expendable Trust	Total (Memorandum Only)
<u>Increase and Decrease in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers \$	244,440	\$ 509	\$ -	\$ 244,949
Other Operating Revenues	-	-	300	300
Cash Payments for Personal Services	(260,612)	(378,761)	(300)	(639,673)
Cash Payments for Contractual Services	(15,504)	(16,152)	-	(31,656)
Cash Payments to Vendors for Supplies and Materials	(123,745)	(9,391)	-	(133,136)
Net Cash Used in Operating Activities	(155,421)	(403,795)	-	(559,216)
<u>Cash Flows from Non-Capital Financing Activities</u>				
Unrestricted Grants-in-Aid	81,579	-	-	81,579
Transfer From Other Funds	101,475	-	-	101,475
Advances From Other Funds	-	364,444	-	364,444
Advances To Other Funds	-	(386,538)	-	(386,538)
Refund of Prior Year Expenses	-	424,102	-	424,102
Refund of Prior Year Receipts	(117)	-	-	(117)
Net Cash Provided by Non-Capital Financing Activities	182,937	402,008	-	584,945
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition of Capital Assets	(6,247)	-	-	(6,247)
Net Increase (Decrease) in Cash and Cash Equivalents	21,269	(1,787)	-	19,482
Cash and Cash Equivalents at Beginning of Year	36,430	3,838	5,643	45,911
Cash and Cash Equivalents at End of Year	\$ 57,699	\$ 2,051	\$ 5,643	\$ 65,393

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2001

	Enterprise Funds	Internal Service Funds	Non- Expendable Trust	Total (Memorandum Only)
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$ 57,699	\$ 2,051	\$ 146,911	\$ 206,661
Less: Cash and Cash Equivalents in Agency and Expendable Trust Funds	-	-	(141,268)	(141,268)
Cash and Cash Equivalents at End of Year	\$ 57,699	\$ 2,051	\$ 5,643	\$ 65,393
<u>Reconciliation of Operating Loss To Net Cash From Operating Activities</u>				
Operating Loss	\$ (166,685)	\$ (372,893)	\$ -	\$ (539,578)
Adjustments to Reconcile Operating Loss to Net Cash From Operating Activities:				
Depreciation Expense	4,989	742	-	5,731
(Increase) Decrease in Assets:				
Accounts and Other Receivables	(134)	(15,539)	-	(15,673)
Inventories	(3,938)	-	-	(3,938)
Increase (Decrease) in Liabilities:				
Accrued Salaries and Benefits Payable	6,729	(13,161)	-	(6,432)
Accrued Compensated Absences	811	(706)	-	105
Accrued Pension	2,617	(1,792)	-	825
Due to Other Governments	190	(446)	-	(256)
Net Cash Used in Operating Activities	\$ (155,421)	\$ (403,795)	\$ -	\$ (559,216)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE REPORTING ENTITY

The Wickliffe City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under a five member elected Board of Education and is responsible for the provision of public education to residents of the District.

The District has implemented the Governmental Accounting Standards Board (GASB) pronouncements concerning the definition of the reporting entity. Accordingly, the District's balance sheet includes all funds, account groups, agencies, boards, commissions, and component units over which District officials exercise oversight responsibility.

Oversight responsibility includes such aspects as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by District full faith and credit or revenues, and responsibility for funding deficits.

The District presents its financial statements for the fiscal year ending June 30, 2001 on the basis of fund and accounts groups, as described in Note 1B.

The following organizations are not part of the District entity and are excluded from the accompanying financial statements:

City of Wickliffe - The city government of Wickliffe is a separate body politic and corporate. A mayor and council are elected independent of any school district relationships, and administer the provisions of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Parochial Schools - Within the city boundaries are: All Saints and Our Lady of Mount Carmel Schools, operated through the Cleveland Catholic Diocese, and Telshe Yeshiva School. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The accounting for this parochial school funding is reflected as a Special Revenue Fund of the District.

Wickliffe Public Library - The Library is a school district library created under Chapter 3375 of the Ohio Revised Code and is located in the Wickliffe City School District. The Board of Trustees of the Library controls and manages the Library and issues its own financial statements. Although the Wickliffe Board of Education is required to approve appointments to the Board of Trustees and to approve the annual budget, the Board has no authority to reject the Library's recommendation.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. THE REPORTING ENTITY (CONTINUED)

The Board also acts as the Library's agent on any debt issues required. In 1995 and 1996, as required by State law, the District issued, on behalf of the Library, general obligation bonds in the amount of \$1,965,000, which had been approved by the electors. The bonds were issued for the purpose of enlarging, renovating, remodeling, furnishing, equipping and otherwise improving the existing Library building, including conservation and handicap access improvements, and improving the site. Although the bonds are issued on behalf of the Library, and the proceeds of the bonds were transferred to the Board of Trustees of the Library, the bonds constitute indebtedness of the District and are considered in determining the District's debt limitations. Property tax revenues collected to retire the debt are paid directly to the District, and the District pays the interest and retires the debt. (See Note 6).

However, the District has no ability to influence the Library's operations significantly, no accountability over the fiscal matters of the Library, nor any responsibility for the Library's deficits. Accordingly, other than the debt and related property tax revenue referred to in the preceding paragraph, the Library's financial statements are not included herein.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the District are maintained on the basis of fund and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The following fund types and account groups are used by the District:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the District's governmental fund types:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

Capital Projects Funds - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Proprietary Funds

The proprietary funds are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following are the District's proprietary fund types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust, Non-Expendable Trust and Agency Funds.

Account Groups

To make a clear distinction between fixed assets related to a specific fund and those of a general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Asset Account Group - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

General Long-Term Debt Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues, expenditures, expenses and transfers, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types and expendable trust funds use the modified accrual basis of accounting. Under this basis, revenues and other financing sources are recognized in the accounting period in which they become available and measurable to finance current District operations. Expenditures and other financing uses are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Property tax receivables and revenues are susceptible to accrual if the date upon which the taxes are levied falls on or before June 30, 2001. Such revenue is to be recognized in the year for which it is levied or the year in which it is available for appropriation, provided it is available. Property taxes are considered available if they are due, or past due and received within the available period, and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes not considered available are deferred.

The Proprietary Funds and Non-Expendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

D. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reported in the combined financial statements:

Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 fiscal year.

Estimated Resources

The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. The budgeted revenues shown on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual Statements are the balances from the final certificate of estimated resources excluding the beginning balance. These amounts are then prorated over the various revenue line items.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

D. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Appropriations

A temporary appropriations measure to control cash disbursements may be passed on or about July 1 of each year. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available, provided that total appropriations do not exceed estimated resources, as certified.

Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

Lapse of Encumbrances

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. POOLED CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to the State Treasury Asset Reserve of Ohio ("STAROhio"), certificates of deposit and federal agency securities.

The District has invested funds in STAROhio during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$478,685.

For investment purposes, the District pools all individual cash balances in a bank account and short-term cash equivalents. These balances are stated at cost or amortized cost. For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments with original maturities of three months or less are considered to be cash equivalents.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

Receivables and payables arising between funds for goods provided or services rendered are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans or the short-term portion of advances are classified as “interfund receivables/payables”.

G. INVENTORY OF SUPPLIES

Inventories are valued at cost (first-in, first-out) and are determined by physical count. Inventory in governmental funds consist of expendable supplies held for consumption. The cost has been recorded as an expenditure at the time individual inventory items were purchased. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation.

H. FIXED ASSETS

The fixed asset values were initially determined at June 30, 1992, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated fixed assets are capitalized at fair value on the date donated.

GENERAL FIXED ASSETS

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost in the general fixed asset account group.

PROPRIETARY FUND FIXED ASSETS

Fixed assets associated with enterprise fund and internal service fund activities are accounted for in those funds. Depreciation is calculated using the straight-line method over the assets’ estimated useful lives. The assets of these funds are depreciated on the following basis:

	<u>Years</u>
Fixed Equipment	10
Furniture, Fixtures, and Minor Equipment	5-10

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

H. FIXED ASSETS (CONTINUED)

CAPITALIZATION OF INTEREST

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The District's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For the year, there were no interest costs incurred on construction projects.

I. INTERGOVERNMENTAL REVENUES

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when earned.

J. COMPENSATED ABSENCES

In conformity with GASB Statement No. 16, the School District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the School District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at June 30, 2001. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

For governmental funds, the School District provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available compensated absences and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

K. INTERFUND TRANSACTIONS

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as due to and due from other funds.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

L. FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory prepaid items, future appropriations, and budget stabilization.

M. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

N. ACCOUNTING AND FINANCIAL REPORTING FOR PROPRIETARY FUNDS

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the District has elected not to apply Financing Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the District required no change from prior years.

NOTE 2 – ACCOUNTABILITY – FUND EQUITY DEFICIT

The Internal Service Fund had a deficit retained earnings at June 30, 2001 of \$25,960, caused by the application of accrual accounting. The General Fund is liable for any deficits in this fund and provides operating transfers when cash is required, not when accruals occur.

NOTE 3 - DEPOSITS AND INVESTMENTS

The investment and deposit of District monies is governed by the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The provisions also permit the District to invest its monies in certificates of deposit, money market accounts, the state treasurer's investment pool (STAROhio), obligations of the United States government or certain agencies thereof. The District may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Public depositories must give security for all public funds on deposit. Each institution may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities the face value of which is at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require that security maintained for public deposits and investments be held in the District's name.

Deposits

At year end, the carrying amount of the District's pooled deposits was \$667,191 and the bank balance was \$919,412. Of the bank balance, \$385,080 was covered by federal depository insurance. \$534,332 was covered by collateral held by financial institutions not in the School District's name or by single financial institution's collateralized pools held in the financial institution's name as specified by Section 135.181 of the Ohio Revised Code.

Investments

The District's investments are detailed below and are categorized to give an indication of the level of risk assumed as of year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the name of the District. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the name of the District. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the name of the District. STAROhio is unclassified since it is not evidenced by securities that exist in physical or book entry form.

<u>Description</u>	<u>Risk Category</u>		<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>3</u>		
Repurchase Agreement	X		\$ 370,509	\$ 370,509
Federal Home Loan Bank		X	516,680	516,680
Fannie Mae		X	2,886,732	2,886,732
STAROhio*			<u>2,201,509</u>	<u>2,201,509</u>
Total Investments			\$ <u>5,975,430</u>	\$ <u>5,975,430</u>

* Noncategorized

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible property located within the District. All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35% of appraised market value. Pertinent real property tax dates are:

Collection Dates	January 11 and July 10 of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	November 12 of the year preceding the collection year

The full tax rate applied to real property for the fiscal year ended June 30, 2001 was \$60.11 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$28.85 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$41.85 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value.

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of the current calendar year. The tax rate applied to tangible personal property for the fiscal year ended June 30, 2001 was \$60.11 per \$1,000 of assessed valuation. Pertinent tangible personal property tax dates are:

Collection Dates	June 9 and October 10 of the current year
Lien Date	December 18 of the current year
Levy Date	December 18 of the year preceding the collection year

Most public utility tangible personal property currently is assessed at 35% of its true value except for rural electric companies (50%) and railroads (30%). Pertinent public utility tangible personal property tax dates are:

Collection Dates	January 11 and July 10 of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	November 12 of the year preceding the collection year

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in July and December. Such collections are available to pay current period liabilities.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 4 - PROPERTY TAXES (CONTINUED)

The assessed values of real and tangible personal property upon which property tax revenues were based are as follows:

Real Property	\$ 248,951,060
Tangible Personal Property	62,151,153
Public Utility Personal Property	<u>12,445,780</u>
Total Valuation	\$ <u>323,547,993</u>

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not available to finance current year operations. The total receivable is therefore offset by a credit to deferred revenue.

NOTE 5 - OPERATING TRANSFERS

Following is a summary of operating transfers for all funds for June 30, 2001:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General	\$ 18,858	\$ 301,226
Special Revenue	56,066	3,249
Debt Service	123,133	-
Enterprise	101,475	-
Agency	<u>5,500</u>	<u>557</u>
Total All Funds	\$ <u>305,032</u>	\$ <u>305,032</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 6 - FIXED ASSETS

During fiscal year 2001, the District analyzed all assets entered into their fixed asset system. Based upon this analysis, the following adjustments have been made in order to restate the July 1, 2000 fund equity accounts in the Enterprise Funds, Internal Service Funds, and the General Fixed Asset Account Group:

General Fixed Asset Account Group

Investment in General Fixed Assets, as of June 30, 2000	\$ 7,846,966
Adjustment	<u>2,137,372</u>
Investment in General Fixed Assets, as of July 1, 2000, as Restated	\$ <u><u>9,984,338</u></u>

Enterprise Funds

Retained Earnings, as of June 30, 2000	\$ 26,651
Adjustment:	
Fixed Assets	(42,416)
Accumulated Depreciation	<u>39,920</u>
Retained Earnings, as of July 1, 2000, as Restated	\$ <u><u>24,155</u></u>

Internal Service Fund

Retained Earnings (Deficit), as of June 30, 2000	\$ (77,911)
Adjustment:	
Fixed Assets	12,776
Accumulated Depreciation	<u>(10,009)</u>
Retained Earnings (Deficit), as of July 1, 2000, as Restated	\$ <u><u>(75,144)</u></u>

The changes in fixed assets for the General Fixed Asset Account Group during the year were as follows:

<u>Description</u>	<u>June 30,</u> <u>2000</u>	<u>Adjustment</u>	<u>Restated</u> <u>Balance</u> <u>July 1,</u> <u>2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2001</u>
Land and Land Improvements	\$ 197,306	\$ (2,714)	\$ 194,592	\$ -	\$ -	\$ 194,592
Buildings and Improvements	2,354,043	3,478,922	5,832,965	1,051,672	-	6,884,637
Furniture, Fixtures, and Equipment	3,027,187	(642,035)	2,385,152	435,435	(12,280)	2,808,307
Textbooks and Library Volumes	738,968	(738,968)	-	-	-	-
Vehicles	884,341	42,167	926,508	-	-	926,508
Construction in Progress	<u>645,121</u>	<u>-</u>	<u>645,121</u>	<u>-</u>	<u>(645,121)</u>	<u>-</u>
Totals	\$ <u><u>7,846,966</u></u>	\$ <u><u>2,137,372</u></u>	\$ <u><u>9,984,338</u></u>	\$ <u><u>1,487,107</u></u>	\$ <u><u>(657,401)</u></u>	\$ <u><u>10,814,044</u></u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 6 – FIXED ASSETS (CONTINUED)

The changes in Enterprise Funds fixed assets during fiscal year 2001 were as follows:

<u>Description</u>	<u>June 30, 2000</u>	<u>Adjustment</u>	<u>Restated Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2001</u>
Furniture, Fixtures, and Equipment	\$ 123,901	\$ (42,416)	\$ 81,485	\$ 6,247	\$ -	\$ 87,732
Less: Accumulated Depreciation	(103,674)	39,920	(63,754)	(4,989)	-	(68,753)
Net Fixed Assets	\$ <u>20,227</u>	\$ <u>(2,496)</u>	\$ <u>17,731</u>	\$ <u>1,258</u>	\$ <u>-</u>	\$ <u>18,989</u>

The changes in Internal Service Funds fixed assets during fiscal year 2001 were as follows:

<u>Description</u>	<u>June 30, 2000</u>	<u>Adjustment</u>	<u>Restated Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2001</u>
Furniture, Fixtures, and Equipment	\$ 1,055	\$ 12,776	\$ 13,831	\$ -	\$ -	\$ 13,831
Less: Accumulated Depreciation	(558)	(10,009)	(10,567)	(742)	-	(11,309)
Net Fixed Assets	\$ <u>497</u>	\$ <u>2,767</u>	\$ <u>3,264</u>	\$ <u>(742)</u>	\$ <u>-</u>	\$ <u>2,522</u>

NOTE 7 - OUTSTANDING DEBT

A. BONDED DEBT

The District is secondarily liable for the Wickliffe Public Library General Obligation Bond. The primary sources of repayment for the bonds are the Library's operating revenues and property taxes.

Bonded debt activity for the year ended June 30, 2001 is as follows:

<u>General Obligation Bonds</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 6/30/00</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/01</u>
Library Improvements	12/01/06	5.46%	\$ 680,000	\$ -	\$ 85,000	\$ 595,000
Library Improvements	12/01/06	5.50%	695,000	-	85,000	610,000
Energy Conservation Improvements	06/01/07	5.60%	<u>619,203</u>	<u>-</u>	<u>88,458</u>	<u>530,745</u>
Total General Obligation Bonds			\$ <u>1,994,203</u>	\$ <u>-</u>	\$ <u>258,458</u>	\$ <u>1,735,745</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 7 - OUTSTANDING DEBT (CONTINUED)

A. BONDED DEBT (CONTINUED)

Principal and interest requirements to retire the long-term debt obligation outstanding at June 30, 2001 were as follows:

<u>Year</u>	<u>Amount</u>
2002	\$ 357,231
2003	347,823
2004	342,928
2005	337,411
2006	331,264
2007	<u>324,484</u>
Totals	\$ <u>2,041,141</u>

B. OTHER LONG-TERM OBLIGATIONS

During the year ended June 30, 2001, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	<u>Balance at July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2001</u>
Benefit Obligations	\$ <u>871,595</u>	\$ <u>-</u>	\$ <u>29,218</u>	\$ <u>842,377</u>

NOTE 8 - COMPENSATED ABSENCES

Employees earn vacation at rates specified under a Collective Bargain Agreement or Individual Contracts and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 20 days. Employees with less than one year of service earn one vacation day per month worked, not to exceed five days. Unused vacation is not cumulative to the next year. District employees are paid for earned, unused vacation leave at the time of termination of employment.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave to a maximum payout of 55 days.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 8 - COMPENSATED ABSENCES (CONTINUED)

At June 30, 2001 the current amount of unpaid compensated absences, in all funds except for the Proprietary Funds, and the balance of the liability in the General Long-Term Obligation Account Group were \$294,768 and \$842,377, respectively. The liability for compensated absences in the Proprietary Funds at June 30, 2001 was \$5,442.

NOTE 9 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains Enterprise Funds in which the operations are accounted for, financed and recorded in a manner similar to that of private enterprises whereby it is the District's intent that the costs of providing these goods or services be financed primarily through user charges.

Segment information for the Enterprise Funds is summarized as follows:

For the Year Ended June 30, 2001:	Food Service Fund	Summer School Fund	Adult Education Fund	School Store Fund	Latchkey Program Fund	Total
Operating Revenues	\$ 200,115	\$ 16,839	\$ -	\$ 627	\$ 26,992	\$ 244,573
Depreciation Expense	4,989	-	-	-	-	4,989
Operating Income (Loss)	(176,533)	8,637	-	(1,371)	2,582	(166,685)
Operating Transfers - In	101,475	-	-	-	-	101,475
Net Income (Loss)	24,661	8,637	-	(1,371)	2,465	34,392
<u>As of June 30, 2001:</u>						
Cash Provided (Used) From						
Operating Activities	(175,825)	16,560	-	453	3,391	(155,421)
Net Working Capital	6,000	30,296	178	(1,007)	6,287	41,754
Total Assets	54,335	38,459	178	1,821	7,010	101,803
Total Fund Equity	24,989	30,296	178	(1,007)	6,287	60,743

NOTE 10 - RETIREMENT PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Wickliffe City School District contributes to the School Employee Retirement System (SERS), a cost-sharing multiple employer defined benefit pension. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 10 - RETIREMENT PLANS (CONTINUED)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Plan members are required to contribute nine percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.55 percent was the portion used to fund pension obligations for fiscal year 2001 and 2000. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$117,431, \$166,608, and \$161,691, respectively; equal to the required contributions for each year.

B. STATE TEACHERS RETIREMENT SYSTEM

The Wickliffe City School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a stand-alone financial report. The report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215 or by calling (614) 227-4090.

STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and support in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attached age 55; or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1 percent multiplied by the total number of years of service credit (including Ohio-valued purchase credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached.

Legislation passed in April 2000 with a July 1999 effective date provided an adjustment for retirees whose benefits have not kept pace with the rate of inflation. The legislation also changed the formula for calculating the formula benefit. The formula benefit increased to 2.2 percent from 2.1 percent per year for all years up to 30 years. For members with 35 or more years of earned Ohio service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. For earned Ohio service over 30 years, the formula will remain as current law, which provides an escalating formula of 2.5 percent for the 31st year, 2.6 percent for the 32nd year, 2.7 percent for the 33rd year, etc., until 100 percent of final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 10 - RETIREMENT PLANS (CONTINUED)

B. STATE TEACHERS RETIREMENT SYSTEM (CONTINUED)

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For fiscal year ended June 30, 2001, Plan members are required to contribute 9.3 percent of their annual covered salary and the Wickliffe City School District is required to contribute 14 percent; 6.0 percent was the portion used to fund pension obligations for fiscal years 2001 and 2000. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2001, 2000, and 1999 were \$397,653, \$397,255, and \$383,627, respectively; 100 percent has been contributed for fiscal years 2001, 2000, and 1999.

NOTE 11 - POSTEMPLOYMENT BENEFITS

STATE EMPLOYEES RETIREMENT SYSTEM

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 11 - POSTEMPLOYMENT BENEFITS (CONTINUED)

STATE EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 8.45 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go-basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, the Retirement System's net assets available for payment of health care benefits was \$252.3 million. The number of benefit recipients currently receiving health care benefits is approximately 50,000. For the year ended June 30, 2001, the District contributed \$178,791 to fund post-employment benefits.

STATE TEACHERS RETIREMENT SYSTEM

The State Teachers Retirement System of Ohio (STRS Ohio) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (RC), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The RC grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal years ended June 30, 2001 and 2000, the board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001, and after, will be 4.5 percent of covered payroll. For the year ended June 30, 2000, the net health care costs paid by STRS Ohio were \$283,137,000. There were 99,011 eligible benefit recipients.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 12 - HEALTH CARE BENEFITS

The District joined the Lake County Schools Council, a risk-sharing pool, which provides employee health care benefits for all full-time employees who wish to participate in the Plan. The pool consists of ten school districts who pool risk for basic hospital, surgical and prescription drug coverage. The District pays monthly contributions to the Council, which are used to cover claims and administrative costs, and to purchase excess loss insurance for the plan. The Council has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. In the event that the losses of the Council in any year exceeds amounts paid to the Council, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which the claim was made.

NOTE 13 - RISK MANAGEMENT

The District maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles and general liability insurance. The District also carries a bond for the Treasurer. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statements of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are identified as follows:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash or encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the governmental funds are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - All Governmental Fund Types			
<u>Projects</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ (191,915)	\$ 194,165	\$ (17,171)	\$ (608,836)
<u>Increase (Decrease) Due to</u>				
Revenue accruals	273,786	(15,577)	(7,506)	-
Expenditure accruals	(2,137,482)	(308,740)	-	(284,485)
Encumbrances	891,587	170,989	-	47,151
Budget Basis	\$ <u>(1,164,024)</u>	\$ <u>40,837</u>	\$ <u>(24,677)</u>	\$ <u>(846,170)</u>

NOTE 15 – STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio School Districts. However, as of November 30, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2001

NOTE 16 - RESERVATIONS OF FUND BALANCE

The following cash basis information identifies the changes in fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Total</u>
Balance June 30, 2000	\$ -	\$ -	\$ -
Current Year Set Aside Requirement	368,050	368,050	736,100
Qualifying Expenditures	<u>(380,378)</u>	<u>(353,364)</u>	<u>(733,742)</u>
Balance June 30, 2001	\$ <u>(12,328)</u>	\$ <u>14,686</u>	\$ <u>2,358</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	\$ <u>(12,328)</u>	\$ -	\$ <u>(12,328)</u>
Set-Aside Reserve Balances As of June 30, 2001	\$ -	\$ <u>14,686</u>	\$ <u>14,686</u>

NOTE 17 - CONTINGENCIES/PENDING LITIGATION

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2001.

NOTE 18 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. At June 30, 2001 there was no effect on fund balances as a result of implementing GASB 33.

**Report on Compliance and on Internal Control
Required by *Government Auditing Standards***

Board of Education
Wickliffe City School District
Wickliffe, Ohio

We have audited the financial statements of the Wickliffe City School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wickliffe City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wickliffe City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Wickliffe City School District in a separate letter dated December 14, 2001.

This report is intended for the information of the Wickliffe City School District's Board of Education, the Wickliffe City School District's Management, Federal Awarding Agencies, and Pass-Through Entities, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi Inc.

Cleveland, Ohio
December 14, 2001

**Report On Compliance With Requirements Applicable To Each
Major Program And On Internal Control Over Compliance And
On The Schedule of Expenditures of Federal Awards In
Accordance With OMB Circular A-133**

Board of Education
Wickliffe City School District
Wickliffe, Ohio

Compliance

We have audited the compliance of the Wickliffe City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The Wickliffe City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of the Wickliffe City School District's management. Our responsibility is to express an opinion on the Wickliffe City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Wickliffe City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Wickliffe City School District's compliance with those requirements.

In our opinion, the Wickliffe City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2001

Internal Control Over Compliance

The management of the Wickliffe City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Wickliffe City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the Wickliffe City School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, Board of Education, the Auditor of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cleveland, Ohio
December 14, 2001

WICKLIFFE CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2001

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Awards Expended</u>
U.S. Department of Agriculture:			
Pass-Through Ohio Department of Education:			
Nutrition Cluster:			
Food Distribution Program	10.550	N/A	\$ 12,567
National School Lunch Program	10.555	N/A	<u>76,891</u>
Total U.S. Department of Agriculture – Nutrition Cluster			<u>89,458</u>
 U.S. Department of Education:			
Pass-Through Ohio Department of Education:			
Special Education Cluster:			
Title VI-B – Education of Handicapped Children	84.027	6B-SF-01P	147,424
Education of Handicapped Children – Preschool Grant	84.173	PG-S1-2001P	<u>10,971</u>
Total Special Education Cluster			158,395
Chapter I – Education Consolidation and Improvement Act			
Title VI – Innovative Education Program Strategies	84.298	C1-S1-2001	92,500
Drug Free Schools Grant	84.186	C2-S1-2001	13,382
Eisenhower Professional Development State Grant	84.281	DR-S1-2001	9,995
Class Size Reduction	84.340	MS-S1-2001	3,425
Total U.S. Department of Education		CR-S1-2001	<u>17,837</u>
Total U.S. Department of Education			<u>137,139</u>
Total Expenditures of Federal Awards			\$ <u>384,992</u>

The accompanying notes are an integral part of this schedule

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2001

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of the Wickliffe City School District (the "District").

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the cash basis of accounting. The District's expenditures for the year ended June 30, 2001 as reported on the Schedule reflect federal expenditures only and do not include matching expenditures.

The accompanying notes are an integral part of this schedule

WICKLIFFE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	Title VI-B – Education of Handicapped Children Act, CFDA No. 84.027; Chapter I – Education Consolidation and Improvement Act, CFDA No. 84.010; Education of Handicapped Children – Preschool Grant, CFDA No. 84-173
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No – No Single Audit in prior year.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

WICKLIFFE CITY SCHOOL DISTRICT

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2001

There were no prior audit findings.

The accompanying notes are an integral part of this schedule

**WICKLIFFE CITY SCHOOL DISTRICT
2221 ROCKEFELLER ROAD
WICKLIFFE, OHIO 44092-2020
(440) 943-6900**

**Response to Findings Associated With
Audit Conducted in Accordance with *Government Auditing Standards*
for the Year Ended June 30, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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Not applicable



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WICKLIFFE CITY SCHOOL DISTRICT

LAKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2002**