

Wickliffe City School District
GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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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, 2001 through June 30, 2002. 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.

Betty Montgomery

Auditor of State

January 21, 2003

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WICKLIFFE CITY SCHOOL DISTRICT

FOR THE YEAR ENDED JUNE 30, 2002

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*Creating economic value through
knowledge, innovation, commitment, and service*

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Independent Auditor's 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, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Wickliffe City School 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general-purpose 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, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable 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 11, 2002 on our consideration of the Wickliffe City School District's internal control over financial reporting and on 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.

Ciuni & Panichi, Inc.

Cleveland, Ohio
December 11, 2002

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WICKLIFFE CITY SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2002

	<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	\$ 5,064,623	\$ 240,693	\$ 78,581	\$ 753,442
Receivables:				
Taxes	12,964,295	-	286,449	-
Accounts	9,484	6,489	-	-
Accrued Interest	10,924	-	-	-
Intergovernmental	1,059,985	260,651	23,228	-
Interfund	495,452	-	-	-
Inventories, at Cost	81,743	-	-	-
Prepaid Items	37,116	483	-	-
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 Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Other Debits	\$ <u>19,723,622</u>	\$ <u>508,316</u>	\$ <u>388,258</u>	<u>753,442</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>	
\$ 60,697	\$ -	\$ 172,207	\$ -	\$ -	\$ 6,370,243
-	-	-	-	-	13,250,744
4,051	-	3,295	-	-	23,319
-	-	-	-	-	10,924
20,858	-	39	-	-	1,364,761
-	-	-	-	-	495,452
2,341	-	-	-	-	84,084
-	-	-	-	-	37,599
12,495	471	-	10,538,360	-	10,551,326
-	-	-	-	101,809	101,809
-	-	-	-	<u>2,239,584</u>	<u>2,239,584</u>
\$ <u>100,442</u>	\$ <u>471</u>	\$ <u>175,541</u>	\$ <u>10,538,360</u>	\$ <u>2,341,393</u>	\$ <u>34,529,845</u>

(Continued)

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

(CONTINUED)

JUNE 30, 2002

<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	\$ 141,685	\$ 17,422	\$ -	\$ -
Accrued Wages and Benefits	1,017,440	34,606	-	-
Accrued Compensated Absences	164,062	333	-	-
Due to Other Governments	19,288	656	-	-
Interfund Payable	-	210,970	-	503
Deferred Revenue	12,964,295	-	286,449	-
Due to Students	-	-	-	-
Accrued Pension and Surcharges	189,901	4,982	-	-
General Obligation Bonds Payable	-	-	-	-
Total Liabilities	14,496,671	268,969	286,449	503
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balance:				
Reserved for Encumbrances	1,489,824	72,252	-	503
Reserved for Inventory	81,743	-	-	-
Reserved for Prepaid Items	37,116	483	-	-
Reserved for Capital Improvements	57,942	-	-	-
Reserved for Debt Service	-	-	101,809	-
Reserved for Endowments	-	-	-	-
Unreserved – Undesignated	3,560,326	166,612	-	752,436
Total Fund Equity and Other Credits	5,226,951	239,347	101,809	752,939
Total Liabilities, Fund Equity and Other Credits	\$ 19,723,622	\$ 508,316	\$ 388,258	\$ 753,442

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>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,107
12,647	38,158	-	-	-	1,102,851
5,882	-	-	-	874,106	1,044,383
240	723	-	-	-	20,907
-	283,979	-	-	-	495,452
-	-	-	-	-	13,250,744
-	-	21,910	-	-	21,910
13,186	5,390	-	-	-	213,459
-	-	-	-	<u>1,467,287</u>	<u>1,467,287</u>
<u>31,955</u>	<u>328,250</u>	<u>21,910</u>	<u>-</u>	<u>2,341,393</u>	<u>17,776,100</u>
-	-	-	10,538,360	-	10,538,360
2,196	-	-	-	-	2,196
66,291	(327,779)	-	-	-	(261,488)
-	-	2,081	-	-	1,564,660
-	-	-	-	-	81,743
-	-	-	-	-	37,599
-	-	-	-	-	57,942
-	-	-	-	-	101,809
-	-	4,948	-	-	4,948
-	-	<u>146,602</u>	-	-	<u>4,625,976</u>
<u>68,487</u>	<u>(327,779)</u>	<u>153,631</u>	<u>10,538,360</u>	<u>-</u>	<u>16,753,745</u>
\$ <u>100,442</u>	\$ <u>471</u>	\$ <u>175,541</u>	\$ <u>10,538,360</u>	\$ <u>2,341,393</u>	\$ <u>34,529,845</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, 2002

	<u>General</u>	<u>Special Revenue</u>
<u>Revenues</u>		
From Local Sources:		
Taxes	\$ 11,310,788	\$ -
Tuition	100,303	-
Earnings on Investments	171,018	5,789
Food Service	-	-
Extracurricular Activities	1,052	105,339
Classroom Activities	39,984	-
Miscellaneous	123,385	47,381
From Intermediate Sources:		
Restricted Grant-In-Aid	1,062,624	9,500
From State Sources:		
Unrestricted Grant-In-Aid	2,146,426	-
State Receipts	22,410	539,659
From Federal Sources:		
Restricted Grant-In-Aid	-	182,748
Total Revenues	<u>14,977,990</u>	<u>890,416</u>
<u>Expenditures</u>		
Instruction:		
Regular	6,408,211	75,956
Special	1,215,075	77,154
Other Instruction	62,847	-
Supporting Services:		
Pupils	759,474	165,210
Instructional Staff	338,019	78,642
Board of Education	92,040	-
Administration	1,069,626	44,203
Fiscal Services	469,922	-
Business	83,603	-
Operations and Maintenance – Plant	1,686,778	13,773
Pupil Transportation	1,139,449	-
Central Services	250,822	13,974
Food Service Operations	-	221
Community Services	12,559	476,700
Extracurricular Activities:		
Student Productions	18,478	32,475
Sports Activities	239,671	107,454
Co-curricular Activities	27,220	4,043

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>
\$ 234,193	\$ -	\$ -	\$ 11,544,981
-	-	-	100,303
-	-	8,802	185,609
-	-	1,025	1,025
-	-	1,172	107,563
-	-	-	39,984
-	-	26,751	197,517
23,228	-	-	1,095,352
1,606	-	-	2,148,032
-	-	-	562,069
-	-	-	182,748
<u>259,027</u>	<u>-</u>	<u>37,750</u>	<u>16,165,183</u>
-	15,066	-	6,499,233
-	-	-	1,292,229
-	-	-	62,847
-	-	-	924,684
-	-	-	416,661
-	-	-	92,040
-	-	-	1,113,829
-	-	-	469,922
-	-	-	83,603
-	4,125	-	1,704,676
-	-	-	1,139,449
-	26,170	-	290,966
-	-	-	221
-	-	13,230	502,489
-	-	-	50,953
-	-	-	347,125
-	-	-	31,263

(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, 2002

	<u>General</u>	<u>Special Revenue</u>
Capital Outlay:		
Property Assessments	\$ 4,577	\$ -
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>13,878,371</u>	<u>1,089,805</u>
Excess of Revenues Over (Under) Expenditures	<u>1,099,619</u>	<u>(199,389)</u>
<u>Other Financing Sources (Uses)</u>		
Transfers – In	180,944	52,180
Refund of Prior Year Expenditures	-	2,980
Proceeds from Sale of Assets	10,742	-
Transfers – Out	(851,962)	-
Refund of Prior Year Receipts	<u>(29,242)</u>	<u>(53,701)</u>
Total Other Financing Sources (Uses)	<u>(689,518)</u>	<u>1,459</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	410,101	(197,930)
Fund Balances, Beginning of Year	4,807,117	437,277
Increase in Reserve for Inventory	<u>9,733</u>	<u>-</u>
Fund Balances, End of Year	\$ <u>5,226,951</u>	\$ <u>239,347</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>
\$ -	\$ -	\$ -	\$ 4,577
268,458	-	-	268,458
91,903	-	-	91,903
<u>360,361</u>	<u>45,361</u>	<u>13,230</u>	<u>15,387,128</u>
<u>(101,334)</u>	<u>(45,361)</u>	<u>24,520</u>	<u>778,055</u>
118,179	273,002	-	624,305
-	-	78	3,058
-	-	-	10,742
-	(38,411)	-	(890,373)
-	-	-	(82,943)
<u>118,179</u>	<u>234,591</u>	<u>78</u>	<u>(335,211)</u>
16,845	189,230	24,598	442,844
84,964	563,709	124,085	6,017,152
-	-	-	9,733
\$ <u>101,809</u>	\$ <u>752,939</u>	\$ <u>148,683</u>	\$ <u>6,469,729</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, 2002**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
From Local Sources:			
Taxes	\$ 11,310,788	\$ 11,310,788	\$ -
Tuition	16,112	102,520	86,408
Earnings On Investments	32,751	190,044	157,293
Classroom Materials And Fees	6,224	39,602	33,378
Miscellaneous	19,562	124,473	104,911
From Intermediate Sources:			
Restricted Grant-In-Aid	1,414	9,000	7,586
From State Sources:			
Unrestricted Grant-In-Aid	489,436	3,043,004	2,553,568
State Receipts	<u>3,522</u>	<u>22,410</u>	<u>18,888</u>
Total Revenues	<u>11,879,809</u>	<u>14,841,841</u>	<u>2,962,032</u>
<u>Expenditures</u>			
Instruction:			
Regular	7,148,053	7,148,000	53
Special	884,726	1,618,376	(733,650)
Vocational Education	-	50,304	(50,304)
Other	1,451,307	659,643	791,664
Supporting Services:			
Pupil	818,084	818,084	-
Instructional Staff	350,557	350,557	-
Board of Education	95,742	95,742	-
Administration	1,054,730	1,054,727	3
Fiscal Services	476,013	476,013	-
Business	89,001	89,001	-
Operation And Maintenance - Plant	1,790,527	1,790,527	-
Pupil Transportation	1,074,452	1,074,452	-
Central Services	270,830	270,830	-
Community Services	12,559	12,559	-
Extracurricular Activities:			
Student Productions	16,019	16,019	-
Sports Activities	231,979	231,979	-
Co-Curricular Activities	26,856	26,856	-
Capital Outlay	<u>4,577</u>	<u>4,577</u>	<u>-</u>
Total Expenditures	<u>15,796,012</u>	<u>15,788,246</u>	<u>7,766</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,916,203)</u>	<u>(946,405)</u>	<u>2,969,798</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, 2002**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Other Financing Sources (Uses)</u>			
Sale of Assets	-	10,742	10,742
Transfers – In	180,944	180,944	-
Advances - In	-	529,993	529,993
Refund of Prior Year Expenditures	84,032	84,032	-
Transfers - Out	(995,735)	(995,735)	-
Advances - Out	-	(495,452)	(495,452)
Total Other Financing Sources (Uses)	(730,759)	(685,476)	45,283
Excess Of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,646,962)	(1,631,881)	3,015,081
Cash Fund Balance, Beginning of Year	5,284,534	5,284,534	-
Cash Fund Balance, End of Year:			
Unreserved	637,572	3,652,653	3,015,081
Encumbrances at Year End	1,411,970	1,411,970	-
Total Cash Fund Balance, End of Year	\$ 2,049,542	\$ 5,064,623	\$ 3,015,081

(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, 2002**

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
From Local Sources:			
Earnings on Investments	\$ 6,139	\$ 5,621	\$ (518)
Miscellaneous	48,367	44,283	(4,084)
Extracurricular Activities	112,126	102,659	(9,467)
From Intermediate Sources:			
Restricted Grant -In-Aid	10,376	9,500	(876)
From State Sources:			
State Receipts	590,963	540,525	(50,438)
From Federal Sources:			
Restricted Grant -In-Aid	115,648	105,883	(9,765)
Total Revenues	883,619	808,471	(75,148)
<u>Expenditures</u>			
Instruction:			
Regular	63,069	63,080	(11)
Special	75,491	75,491	-
Supporting Services:			
Pupil	167,227	167,257	(30)
Instructional Staff	79,651	82,649	(2,998)
Administration	43,093	43,093	-
Operation and Maintenance – Plant	13,773	13,773	-
Central Services	22,895	22,895	-
Community Services	585,697	586,103	(406)
Extracurricular Activities:			
Student Productions	34,485	34,485	-
Sports Activities	111,085	111,085	-
Co-Curricular Activities	4,044	4,044	-
Total Expenditures	1,200,510	1,203,955	(3,445)
Excess of Revenues Over (Under) Expenditures	(316,891)	(395,484)	(78,593)

(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, 2002**

	<u>Special Revenue Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Other Financing Sources(Uses)</u>			
Advances - In	-	210,970	210,970
Transfers - In	52,180	52,180	-
Advances-Out	-	(165,549)	(165,549)
Refund of Prior Year Receipts	<u>(53,701)</u>	<u>(53,701)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,521)</u>	<u>43,900</u>	<u>45,421</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(318,412)	(351,584)	(33,172)
Cash Fund Balance, Beginning of Year	<u>525,193</u>	<u>525,193</u>	<u>-</u>
Cash Fund Balance, End of Year:			
Unreserved	206,781	173,609	(33,172)
Reserved for Encumbrances	<u>67,084</u>	<u>67,084</u>	<u>-</u>
Total Cash Fund Balance, End of Year	\$ <u>273,865</u>	\$ <u>240,693</u>	\$ <u>(33,172)</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, 2002**

	Debt Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
From Local Sources:			
Taxes	\$ 256,633	\$ 256,633	\$ -
From State Sources:			
Unrestricted Grants-in-Aid	<u>256</u>	<u>1,606</u>	<u>1,350</u>
Total Revenues	<u>256,889</u>	<u>258,239</u>	<u>1,350</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>360,361</u>	<u>360,361</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(103,472)	(102,122)	1,350
<u>Other Financing Sources</u>			
Transfers - In	<u>40,948</u>	<u>118,179</u>	<u>77,231</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(62,524)	16,057	78,581
Cash Fund Balance, Beginning of Year	<u>62,524</u>	<u>62,524</u>	<u>-</u>
Cash Fund Balance, End of Year:			
Unreserved	<u>-</u>	<u>78,581</u>	<u>78,581</u>
Total Cash Fund Balance, End of Year	\$ <u><u>-</u></u>	\$ <u><u>78,581</u></u>	\$ <u><u>78,581</u></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, 2002**

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Expenditures</u>			
Instruction:			
Regular	\$ 15,569	\$ 15,569	\$ -
Supporting Services:			
Site Improvement	4,125	4,125	-
Central Services	26,170	26,170	-
Total Expenditures	45,864	45,864	-
Excess of Revenues Under Expenditures	(45,864)	(45,864)	-
<u>Other Financing Sources (Uses)</u>			
Advances -In	-	503	503
Transfers - In	7,483	273,002	265,519
Transfers - Out	(38,411)	(38,411)	-
Total Other Financing Sources (Uses)	(30,928)	235,094	266,022
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(76,792)	189,230	266,022
Cash Fund Balance, Beginning of Year	563,709	563,709	-
Cash Fund Balance, End of Year:			
Unreserved	486,917	752,939	266,022
Reserved for Encumbrances	503	503	-
Total Cash Fund Balance, End of Year	\$ 487,420	\$ 753,442	\$ 266,022

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, 2002

	Enterprise Funds	Internal Service Funds	Non- Expendable Trust	Total (Memorandum Only)
<u>Operating Revenues</u>				
Tuition	\$ 13,040	\$ -	\$ -	\$ 13,040
Food Service	208,235	-	-	208,235
Extracurricular Activities	-	480	-	480
Miscellaneous	<u>34,571</u>	<u>63</u>	<u>-</u>	<u>34,634</u>
Total Operating Revenues	<u>255,846</u>	<u>543</u>	<u>-</u>	<u>256,389</u>
<u>Operating Expenses</u>				
Salaries and Wages	211,129	326,820	-	537,949
Fringe Benefits	68,009	107,457	-	175,466
Contractual Supplies	5,350	20,847	-	26,197
Materials and Supplies	138,609	11,526	-	150,135
Depreciation	4,166	414	-	4,580
Other Expense	<u>-</u>	<u>6,629</u>	<u>695</u>	<u>7,324</u>
Total Operating Expenses	<u>427,263</u>	<u>473,693</u>	<u>695</u>	<u>901,651</u>
Operating (Loss)	<u>(171,417)</u>	<u>(473,150)</u>	<u>(695)</u>	<u>(645,262)</u>
<u>Non-Operating Revenues (Expenses)</u>				
State Sources:				
State Receipts	2,676	-	-	2,676
Federal Sources:				
Unrestricted Grants-In-Aid	<u>89,188</u>	<u>-</u>	<u>-</u>	<u>89,188</u>
Total Non-Operating Revenues (Expenses)	<u>91,864</u>	<u>-</u>	<u>-</u>	<u>91,864</u>
Net Income (Loss) Before Operating Transfers	(79,553)	(473,150)	(695)	(553,398)
<u>Other Financing Sources</u>				
Operating Transfers – In	<u>89,625</u>	<u>170,943</u>	<u>-</u>	<u>260,568</u>
Net Income	10,072	(302,207)	(695)	(292,830)
Retained Earning (Deficit)/ Fund Balance, Beginning of Year, Restated	<u>56,219</u>	<u>(25,572)</u>	<u>5,643</u>	<u>36,290</u>
Retained Earnings (Deficit)/ Fund Balance, End of Year	\$ <u>66,291</u>	\$ <u>(327,779)</u>	\$ <u>4,948</u>	\$ <u>(256,540)</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, 2002

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Non- Expendable Trust</u>	<u>Total (Memorandum Only)</u>
<u>Increase and Decrease in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers \$	251,806	\$ 559	\$ -	\$ 252,365
Cash Payments for Personal Services	(288,243)	(425,009)	(695)	(713,947)
Cash Payments for Contractual Services	(5,350)	(20,847)	-	(26,197)
Cash Payments to Vendors for Supplies and Materials	<u>(134,215)</u>	<u>(18,155)</u>	<u>-</u>	<u>(152,370)</u>
Net Cash Used in Operating Activities	<u>(176,002)</u>	<u>(463,452)</u>	<u>(695)</u>	<u>(640,149)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Unrestricted Grants-in-Aid	89,375	-	-	89,375
Transfer From Other Funds	89,625	314,715	-	404,340
Advances From Other Funds	-	283,979	-	283,979
Advances To Other Funds	-	(364,444)	-	(364,444)
Refund of Prior Year Expenses	<u>-</u>	<u>227,151</u>	<u>-</u>	<u>227,151</u>
Net Cash Provided by Non-Capital Financing Activities	<u>179,000</u>	<u>461,401</u>	<u>-</u>	<u>640,401</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,998	(2,051)	(695)	252
Cash and Cash Equivalents at Beginning of Year	<u>57,699</u>	<u>2,051</u>	<u>5,643</u>	<u>65,393</u>
Cash and Cash Equivalents at End of Year	\$ <u>60,697</u>	\$ <u>-</u>	\$ <u>4,948</u>	\$ <u>65,645</u>

(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, 2002

	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	\$ 60,697	\$ -	\$ 172,207	\$ 232,904
Less: Cash and Cash Equivalents in Agency and Expendable Trust Funds	-	-	(167,259)	(167,259)
Cash and Cash Equivalents at End of Year	\$ 60,697	\$ -	\$ 4,948	\$ 65,645
<u>Reconciliation of Operating Loss To Net Cash From Operating Activities</u>				
Operating Loss	\$ (171,417)	\$ (473,150)	\$ (695)	\$ (645,262)
Adjustments to Reconcile Operating Loss to Net Cash From Operating Activities:				
Depreciation Expense	4,166	414	-	4,580
(Increase) Decrease in Assets:				
Accounts and Other Receivables	(4,040)	17	-	(4,023)
Inventories	4,394	-	-	4,394
Increase (Decrease) in Liabilities:				
Accrued Salaries and Benefits Payable	(6,975)	8,398	-	1,423
Accrued Compensated Absences	440	-	-	440
Accrued Pension	(2,212)	1,053	-	(1,159)
Due to Other Governments	(358)	(184)	-	(542)
Net Cash Used in Operating Activities	\$ (176,002)	\$ (463,452)	\$ (695)	\$ (640,149)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2002

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's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. Component units are legally separate organizations for which the District is financially accountable.

The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units.

The District presents its financial statements for the fiscal year ending June 30, 2002 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 CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. THE REPORTING ENTITY (CONTINUED)

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.

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 7).

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.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

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.

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.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

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.

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, 2002. 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

All governmental fund types are subject to annual expenditure budgets. 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.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

D. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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.

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 at the fund level.

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 2002, investments were limited to the State Treasury Asset Reserve of Ohio ("STAROhio"), certificates of deposit and federal agency securities.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

E. POOLED CASH AND CASH EQUIVALENTS (CONTINUED)

The District has invested funds in STAROhio during fiscal year 2002. 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, 2002.

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 2002 amounted to \$171,018.

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.

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. The District capitalizes all proprietary assets and governmental assets over a threshold of \$1,000.

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.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

H. FIXED ASSETS (CONTINUED)

GENERAL FIXED ASSETS (CONTINUED)

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

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 funding is available. 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, 2002. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

J. COMPENSATED ABSENCES (CONTINUED)

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.

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.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 2 – ACCOUNTABILITY – FUND EQUITY DEFICIT

The Internal Service Fund had a deficit retained earnings at June 30, 2002 of \$327,779, 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.

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 \$1,147,930 and the bank balance was \$1,440,735. Of the bank balance, \$364,928 was covered by federal depository insurance. \$1,075,807 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.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Description	Risk Category		Carrying Amount	Fair Value
	1	3		
Repurchase Agreement		X	\$ 352,534	\$ 352,534
STAROhio*			<u>4,869,779</u>	<u>4,869,779</u>
Total Investments			\$ <u>5,222,313</u>	\$ <u>5,222,313</u>

* Noncategorized

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, 2002 was \$61.31 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$31.60 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$43.01 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; 24% for inventory.

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, 2002 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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 4 - PROPERTY TAXES (CONTINUED)

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.

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

Real Property	\$ 252,450,880
Tangible Personal Property	62,546,156
Public Utility Personal Property	<u>9,814,540</u>
Total Valuation	\$ <u>324,811,576</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, 2002. 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, 2002:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General	\$ 180,944	\$ 851,962
Special Revenue	52,180	-
Debt Service	118,179	-
Capital Projects	273,002	38,411
Enterprise	89,625	-
Internal Service	170,943	-
Agency	<u>5,500</u>	<u>-</u>
Total All Funds	\$ <u>890,373</u>	\$ <u>890,373</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 6 - FIXED ASSETS

During fiscal year 2002, the District changed their fixed asset capitalization policy. Based upon this change, the following adjustments have been made in order to restate the July 1, 2001 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, 2001	\$ 10,814,044
Adjustment	(569,737)
Investment in General Fixed Assets, as of July 1, 2001, as Restated	<u>\$ 10,244,307</u>

Enterprise Funds

Retained Earnings, as of June 30, 2001	\$ 58,547
Adjustment:	
Fixed Assets	(9,801)
Accumulated Depreciation	<u>7,473</u>
Retained Earnings, as of July 1, 2001, as Restated	<u>\$ 56,219</u>

Internal Service Fund

Retained Earnings (Deficit), as of June 30, 2001	\$ (23,935)
Adjustment:	
Fixed Assets	(3,941)
Accumulated Depreciation	<u>2,304</u>
Retained Earnings (Deficit), as of July 1, 2001, as Restated	<u>\$ (25,572)</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>2001</u>	<u>Adjustment</u>	<u>Restated</u> <u>Balance</u> <u>July 1,</u> <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2002</u>
Land and Land Improvements	\$ 194,592	\$ (2,500)	\$ 192,092	\$ -	\$ -	\$ 192,092
Buildings and Improvements	6,884,637	-	6,884,637	-	-	6,884,637
Furniture, Fixtures, and Equipment	2,808,307	(479,254)	2,329,053	233,891	-	2,562,944
Vehicles	926,508	(87,983)	838,525	60,162	-	898,687
Totals	<u>\$ 10,814,044</u>	<u>\$ (569,737)</u>	<u>\$ 10,244,307</u>	<u>\$ 294,053</u>	<u>\$ -</u>	<u>\$ 10,538,360</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 6 – FIXED ASSETS (CONTINUED)

The changes in Enterprise Funds fixed assets during fiscal year 2002 were as follows:

<u>Description</u>	<u>June 30, 2001</u>	<u>Adjustment</u>	<u>Restated Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2002</u>
Furniture, Fixtures, and Equipment	\$ 87,732	\$ (9,801)	\$ 77,931	\$ -	\$ -	\$ 77,931
Less: Accumulated Depreciation	(68,743)	7,473	(61,270)	(4,166)	-	(65,436)
Net Fixed Assets	\$ <u>18,989</u>	\$ <u>(2,328)</u>	\$ <u>16,661</u>	\$ <u>(4,166)</u>	\$ <u>-</u>	\$ <u>12,495</u>

The changes in Internal Service Funds fixed assets during fiscal year 2002 were as follows:

<u>Description</u>	<u>June 30, 2001</u>	<u>Adjustment</u>	<u>Restated Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2002</u>
Furniture, Fixtures, and Equipment	\$ 13,831	\$ (3,941)	\$ 9,890	\$ -	\$ -	\$ 9,890
Less: Accumulated Depreciation	(11,309)	2,304	(9,005)	(414)	-	(9,419)
Net Fixed Assets	\$ <u>2,522</u>	\$ <u>(1,637)</u>	\$ <u>885</u>	\$ <u>(414)</u>	\$ <u>-</u>	\$ <u>471</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, 2002 is as follows:

<u>General Obligation Bonds</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 6/30/01</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/02</u>
Library Improvements	12/01/06	5.46%	\$ 595,000	\$ -	\$ 90,000	\$ 505,000
Library Improvements	12/01/06	5.50%	610,000	-	90,000	520,000
Energy Conservation Improvements	06/01/07	5.60%	<u>530,745</u>	<u>-</u>	<u>88,458</u>	<u>442,287</u>
Total General Obligation Bonds			\$ <u>1,735,745</u>	\$ <u>-</u>	\$ <u>268,458</u>	\$ <u>1,467,287</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 7 - OUTSTANDING DEBT (CONTINUED)

A. BONDED DEBT (CONTINUED)

Principal and interest requirements to retire the long-term debt obligation outstanding at June 30, 2002 were as follows:

<u>Year</u>	<u>Amount</u>
2003	\$ 347,823
2004	342,928
2005	337,411
2006	331,264
2007	<u>324,484</u>
Totals	\$ <u>1,683,910</u>

B. OTHER LONG-TERM OBLIGATIONS

During the year ended June 30, 2002, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	<u>Balance at July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2002</u>
Benefit Obligations	\$ <u>842,377</u>	\$ <u>31,729</u>	\$ <u>-</u>	\$ <u>874,106</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 ten 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 for classified employees and 60 days for certified employees.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 8 - COMPENSATED ABSENCES (CONTINUED)

At June 30, 2002, 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 \$164,395 and \$874,106, respectively. The liability for compensated absences in the Proprietary Funds at June 30, 2002 was \$5,882.

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, 2002:	Food Service Fund	Summer School Fund	Adult Education Fund	School Store Fund	Latchkey Program Fund	Total
Operating Revenues	\$ 208,235	\$ 13,240	\$ -	\$ -	\$ 34,371	\$ 255,846
Depreciation Expense	4,166	-	-	-	-	4,166
Operating Income (Loss)	(188,007)	8,829	-	402	7,359	(171,417)
Operating Transfers - In	89,625	-	-	-	-	89,625
Net Income (Loss)	(6,518)	8,829	-	402	7,359	10,072
<u>As of June 30, 2002:</u>						
Cash Provided (Used) From						
Operating Activities	(180,345)	(3,374)	-	76	7,641	(176,002)
Net Working Capital	3,648	39,125	178	(605)	13,646	55,992
Total Assets	44,591	39,125	178	1,897	14,651	100,442
Total Fund Equity	16,143	39,125	178	(605)	13,646	68,487

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 43215-3746 or by calling (614) 222-5853.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 10 - RETIREMENT PLANS (CONTINUED)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

For the fiscal year ended June 30, 2002, 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; 4.2 percent was the portion used to fund pension obligations for fiscal year 2002 and 2001. 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, 2002, 2001, and 2000 were \$96,099 and \$117,431, and \$166,608, 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 43215-3746 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 2.2 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.

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.

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, 2002

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 may qualify for 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, 2002, 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; 9.5 percent was the portion used to fund pension obligations for fiscal years 2002 and 2001. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2002, 2001, and 2000 were \$660,376, \$397,653, and \$397,255, respectively; 100 percent has been contributed for fiscal years 2002, 2001, and 2000.

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, 2002

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, 2001, the allocation rate is 9.8 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 2001, 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, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits was \$315.7 million. The number of benefit recipients currently receiving health care benefits is approximately 50,000. For the year ended June 30, 2002, the District contributed \$224,231 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, 2002 and 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion at June 30, 2001. The Health Care Reserve Fund allocation for the year ended June 30, 2002, and after, will be 4.5 percent of covered payroll. For the year ended June 30, 2001, the net health care costs paid by STRS Ohio were \$300,722,000. There were 102,132 eligible benefit recipients.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

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, 2002

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	\$ 410,101	\$ (197,930)	\$ 16,845	\$ 189,230
<u>Increase (Decrease) Due to</u>				
Revenue accruals	477,876	126,045	(788)	503
Expenditure accruals	(3,931,828)	(346,783)	-	(1,006)
Encumbrances	<u>1,411,970</u>	<u>67,084</u>	<u>-</u>	<u>503</u>
Budget Basis	\$ <u>(1,631,881)</u>	\$ <u>(351,584)</u>	\$ <u>16,057</u>	\$ <u>189,230</u>

NOTE 15 – STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued an 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.

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. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding decision is unconstitutional.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2002

NOTE 15 – STATE SCHOOL FUNDING DECISION (CONTINUED)

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is through and efficient...".

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.

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 2002.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Total</u>
Balance June 30, 2001, Restated*	\$ (12,328)	\$ 14,686	\$ 2,358
Current Year Set Aside Requirement	343,008	343,008	686,016
Qualifying Expenditures	<u>(388,761)</u>	<u>(299,752)</u>	<u>(688,513)</u>
Balance June 30, 2002	\$ <u>(58,081)</u>	\$ <u>57,942</u>	\$ <u>(139)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	\$ <u>(58,081)</u>	\$ <u>-</u>	\$ <u>(58,081)</u>
Set-Aside Reserve Balances As of June 30, 2002	\$ <u>-</u>	\$ <u>57,942</u>	\$ <u>57,942</u>

* During fiscal year 2001, the District made qualifying expenditures in excess of the budget stabilization reserve balance of \$204,137. Therefore, the June 30, 2001 budget stabilization reserve balance was \$-0-.

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, 2002.

**Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Board of Education
Wickliffe City School District
Wickliffe, Ohio

We have audited the general-purpose financial statements of the Wickliffe City School District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002. 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 general-purpose 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 general-purpose 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 general-purpose 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 that we have reported to management of the Wickliffe City School District in a separate letter dated December 11, 2002.

Wickliffe City School District

This report is intended solely for the information and use of the Wickliffe City School District's Board of Education, Finance Committee, management, Auditor of State's Office, 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.

Cini & Panichi, Inc.

Cleveland, Ohio
December 11, 2002

Report On Compliance With Requirements Applicable To
Each Major Program And Internal Control Over
Compliance 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 each of its major federal programs for the year ended June 30, 2002. 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 each of its major federal programs is 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 each of its major federal programs for the year ended June 30, 2002.

Wickliffe City School District

Internal Control Over Compliance

The management of the Wickliffe City School District is responsible for establishing and maintaining effective internal control over compliance with the 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, 2002, and have issued our report there dated December 11, 2002. 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 solely for the information and use of the Wickliffe City School District's Board of Education, Finance Committee, management, Auditor of State's Office, 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.

Cinni & Panichi, Inc.

Cleveland, Ohio
December 11, 2002

WICKLIFFE CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture:						
Pass-Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	10.550	N/A	\$ -	\$ 14,733	\$ -	\$ 14,733
National School Lunch Program	10.555	N/A	86,268	-	86,268	-
Total U.S. Department of Agriculture - Nutrition Cluster			<u>86,268</u>	<u>14,733</u>	<u>86,268</u>	<u>14,733</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	-	-	18,910	-
		6B-SF-02P	49,201	-	154,274	-
Education of Handicapped Children - Preschool Grant	84.173	PG-S1-2001P	-	-	934	-
		PG-S1-2002P	8,106	-	11,166	-
Total Special Education Cluster			<u>57,307</u>	<u>-</u>	<u>185,284</u>	<u>-</u>
Chapter I - Education Consolidation and Improvement Act	84.010	C1-S1-01C	-	-	17,430	-
		C1-S1-2001	-	-	3,024	-
		C1-S1-2002	17,721	-	81,491	-
Title VI - Innovative Education Program Strategies	84.298	C2-S1-00	8,440	-	8,832	-
		C2-S1-2001	-	-	1,539	-
		C2-S1-2002	3,440	-	7,166	-
Drug Free Schools Grant	84.186	DR-S1-2001	-	-	601	-
		DR-S1-2002	1,337	-	3,636	-
Eisenhower Professional Development State Grant	84.281	MS-S1-1999	-	-	2,067	-
		MS-S1-2001	-	-	2,819	-
		MS-S1-2002	6,021	-	-	-
Class Size Reduction	84.340	CR-S1-2001	-	-	5,204	-
		CR-S1-2002	10,056	-	19,238	-
Goals 2000 - State and Local Education Systematic Improvement Grant	84.276	G2-S2-99	-	-	465	-
		G2-SP-2001	2,500	-	2,448	-
Total U.S. Department of Education			<u>49,515</u>	<u>-</u>	<u>155,960</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 193,090</u>	<u>\$ 14,733</u>	<u>\$ 427,512</u>	<u>\$ 14,733</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, 2002

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, 2002 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, 2002

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, CFDA No. 84.027; 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?	Yes

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, 2002

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, 2002**

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



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
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Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
FEBRUARY 4, 2003**