

**CHIPPEWA LOCAL  
SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2002***

**STEVEN WORKMAN, TREASURER**





**Auditor of State  
Betty Montgomery**

Board of Education  
Chippewa Local School District  
Doylestown, Ohio

We have reviewed the Independent Auditor's Report of the Chippewa Local School District, Wayne County, prepared by Trimble, Julian & Grube, 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 Chippewa Local School District is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

January 13, 2004

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**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups . . . . .	2 - 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types .....	5 - 6
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types .....	7
Combined Statement of Cash Flows - All Proprietary Fund Types .....	8
Notes to the General Purpose Financial Statements .....	9 - 42
Supplemental Data	
Schedule of Receipts and Expenditures of Federal Awards .....	43
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> . . . . .	44 - 45
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> . . . . .	46 - 47
Schedule of Findings <i>OMB Circular A-133 § .505</i> .....	48 - 51
Schedule of Prior Audit Findings <i>OMB Circular A-133 § .505</i> .....	52

# TRIMBLE, JULIAN & GRUBE, INC.

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## Independent Auditor's Report

Board of Education  
Chippewa Local School District  
56 North Portage Street  
Doylestown, Ohio 44230

We have audited the accompanying general purpose financial statements of the Chippewa Local School District, Wayne County, (the "District") as of and for the fiscal year ended June 30, 2002, 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 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 Chippewa Local School District, Wayne County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the fiscal 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 November 20, 2003 on our consideration of the 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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Trimble, Julian & Grube, Inc.  
November 20, 2003

GENERAL PURPOSE  
FINANCIAL  
STATEMENTS

**CHIPPEWA LOCAL SCHOOL DISTRICT**  
**WAYNE COUNTY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 535,104	\$ 769,615	\$ 259,101	\$ 153,589
Cash with fiscal agent . . . . .	-	-	-	-
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent . . . . .	3,297,105	495,813	-	261,848
Accounts . . . . .	58	1,156	-	-
Interfund loans receivable . . . . .	197,000	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Due from other governments . . . . .	-	191,766	-	-
Prepayments . . . . .	8,056	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	43,205	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .	-	-	-	-
<b>OTHER DEBITS:</b>				
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b><u>\$ 4,080,528</u></b>	<b><u>\$ 1,458,350</u></b>	<b><u>\$ 259,101</u></b>	<b><u>\$ 415,437</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 44,354	\$ 16,004	\$ -	\$ 636
Accrued wages and benefits . . . . .	735,797	53,871	-	-
Compensated absences payable . . . . .	8,527	-	-	-
Pension obligation payable . . . . .	128,488	9,234	-	-
Interfund loans payable . . . . .	-	197,000	-	-
Claims payable . . . . .	-	-	-	-
Deferred revenue . . . . .	2,890,148	626,368	-	229,516
Due to other governments . . . . .	32,028	1,604	-	-
Due to students . . . . .	-	-	-	-
<b>Total liabilities . . . . .</b>	<b><u>3,839,342</u></b>	<b><u>904,081</u></b>	<b><u>-</u></b>	<b><u>230,152</u></b>
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Retained earnings: unreserved . . . . .	-	-	-	-
Fund balances (deficit):				
Reserved for encumbrances . . . . .	94,660	13,444	-	1,248
Reserved for prepayments . . . . .	8,056	-	-	-
Reserved for tax revenue unavailable for appropriation . . . . .	406,957	61,211	-	32,332
Reserved for BWC refunds . . . . .	43,205	-	-	-
Unreserved:				
Designated for budget stabilization . . . . .	363,636	-	-	-
Undesignated: . . . . .	(675,328)	479,614	259,101	151,705
<b>Total equity and other credits . . . . .</b>	<b><u>241,186</u></b>	<b><u>554,269</u></b>	<b><u>259,101</u></b>	<b><u>185,285</u></b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b><u>\$ 4,080,528</u></b>	<b><u>\$ 1,458,350</u></b>	<b><u>\$ 259,101</u></b>	<b><u>\$ 415,437</u></b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 81,449	\$ 1,295	\$ 25,263	\$ -	\$ -	\$ 1,825,416
-	294,858	-	-	-	294,858
-	-	-	-	-	4,054,766
125	-	387	-	-	1,726
-	-	-	-	-	197,000
12,116	-	-	-	-	12,116
-	-	-	-	-	191,766
-	-	-	-	-	8,056
-	-	-	-	-	43,205
2,851	-	-	10,490,694	-	10,493,545
-	-	-	-	508,643	508,643
<u>\$ 96,541</u>	<u>\$ 296,153</u>	<u>\$ 25,650</u>	<u>\$ 10,490,694</u>	<u>\$ 508,643</u>	<u>\$ 17,631,097</u>
\$ 134	\$ -	\$ -	\$ -	\$ -	\$ 61,128
19,887	-	-	-	-	809,555
12,171	-	-	-	430,167	450,865
13,351	-	-	-	78,476	229,549
-	-	-	-	-	197,000
-	149,720	-	-	-	149,720
-	-	-	-	-	3,746,032
430	-	8,241	-	-	42,303
-	-	9,339	-	-	9,339
<u>45,973</u>	<u>149,720</u>	<u>17,580</u>	<u>-</u>	<u>508,643</u>	<u>5,695,491</u>
-	-	-	10,490,694	-	10,490,694
50,568	146,433	-	-	-	197,001
-	-	-	-	-	109,352
-	-	-	-	-	8,056
-	-	-	-	-	500,500
-	-	-	-	-	43,205
-	-	-	-	-	363,636
-	-	8,070	-	-	223,162
<u>50,568</u>	<u>146,433</u>	<u>8,070</u>	<u>10,490,694</u>	<u>-</u>	<u>11,935,606</u>
<u>\$ 96,541</u>	<u>\$ 296,153</u>	<u>\$ 25,650</u>	<u>\$ 10,490,694</u>	<u>\$ 508,643</u>	<u>\$ 17,631,097</u>

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**CHIPPEWA LOCAL SCHOOL DISTRICT**  
**WAYNE COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 2,783,286	\$ 424,136	\$ -	\$ 150,207	\$ -	\$ 3,357,629
Earnings on investments . . . . .	77,000	-	-	-	-	77,000
Extracurricular activities . . . . .	-	199,812	-	-	-	199,812
Other local revenues . . . . .	19,259	31,231	-	-	1,068	51,558
Intergovernmental - State . . . . .	5,219,394	339,132	-	63,848	-	5,622,374
Intergovernmental - Federal . . . . .	-	157,118	-	-	-	157,118
<b>Total revenues . . . . .</b>	<b>8,098,939</b>	<b>1,151,429</b>	<b>-</b>	<b>214,055</b>	<b>1,068</b>	<b>9,465,491</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	4,105,755	99,093	-	46,067	-	4,250,915
Special . . . . .	381,313	322,116	-	-	-	703,429
Vocational . . . . .	113,492	-	-	-	-	113,492
Other . . . . .	338,224	-	-	-	-	338,224
Support services:						
Pupil . . . . .	347,874	6,181	-	-	976	355,031
Instructional staff . . . . .	386,317	70,157	-	-	-	456,474
Board of Education . . . . .	25,044	-	-	-	-	25,044
Administration . . . . .	758,309	56,857	-	-	-	815,166
Fiscal . . . . .	232,101	8,060	-	2,359	-	242,520
Operations and maintenance . . . . .	1,749,849	12,744	-	-	-	1,762,593
Pupil transportation . . . . .	466,930	1,937	-	-	-	468,867
Central . . . . .	97,673	-	-	-	443	98,116
Community services . . . . .	-	94,535	-	-	-	94,535
Extracurricular activities . . . . .	238,007	179,912	-	-	-	417,919
Debt service:						
Principal retirement . . . . .	-	-	22,549	-	-	22,549
Interest and fiscal charges . . . . .	-	-	834	-	-	834
<b>Total expenditures . . . . .</b>	<b>9,240,888</b>	<b>851,592</b>	<b>23,383</b>	<b>48,426</b>	<b>1,419</b>	<b>10,165,708</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(1,141,949)	299,837	(23,383)	165,629	(351)	(700,217)
Other financing sources (uses):						
Operating transfers in . . . . .	750,000	16,000	23,383	-	-	789,383
Operating transfers out . . . . .	(39,383)	(750,000)	-	-	-	(789,383)
<b>Total other financing sources (uses) . . . . .</b>	<b>710,617</b>	<b>(734,000)</b>	<b>23,383</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(431,332)	(434,163)	-	165,629	(351)	(700,217)
Fund balances, July 1 . . . . .	672,518	988,432	259,101	19,656	8,421	1,948,128
Fund balances, June 30 . . . . .	\$ 241,186	\$ 554,269	\$ 259,101	\$ 185,285	\$ 8,070	\$ 1,247,911

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CHIPPEWA LOCAL SCHOOL DISTRICT**  
**WAYNE COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 2,648,160	\$ 3,015,844	\$ 367,684	\$ 299,362	\$ 435,555	\$ 136,193
Earnings on investments . . . . .	68,499	78,010	9,511	-	-	-
Extracurricular activities . . . . .	-	-	-	137,149	199,544	62,395
Other local revenues . . . . .	16,601	18,906	2,305	31,434	45,735	14,301
Intergovernmental - State . . . . .	4,583,058	5,219,394	636,336	231,526	336,857	105,331
Intergovernmental - Federal . . . . .	-	-	-	111,381	162,053	50,672
Total revenues . . . . .	7,316,318	8,332,154	1,015,836	810,852	1,179,744	368,892
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	4,090,030	4,039,238	50,792	97,149	104,257	(7,108)
Special . . . . .	388,787	377,447	11,340	298,085	319,895	(21,810)
Vocational . . . . .	121,192	119,094	2,098	-	-	-
Other . . . . .	368,139	343,881	24,258	-	-	-
Support services:						
Pupil . . . . .	374,516	354,678	19,838	5,800	6,224	(424)
Instructional staff . . . . .	416,639	396,205	20,434	66,311	71,163	(4,852)
Board of Education . . . . .	37,723	32,738	4,985	-	-	-
Administration . . . . .	834,565	783,671	50,894	49,933	53,586	(3,653)
Fiscal . . . . .	246,039	242,559	3,480	7,510	8,059	(549)
Operations and maintenance . . . . .	1,839,472	1,818,638	20,834	56,722	60,872	(4,150)
Pupil transportation . . . . .	517,745	489,569	28,176	1,805	1,937	(132)
Central . . . . .	105,947	113,582	(7,635)	-	-	-
Community services . . . . .	-	-	-	93,446	100,283	(6,837)
Extracurricular activities . . . . .	241,343	238,279	3,064	177,171	190,134	(12,963)
Facilities acquisition & construction . . . . .	3,778	-	3,778	-	-	-
Debt service:						
Principal retirement . . . . .	-	-	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-	-	-
Total expenditures . . . . .	9,585,915	9,349,579	236,336	853,932	916,410	(62,478)
Excess (deficiency) of revenues over (under) expenditures . . . . .	(2,269,597)	(1,017,425)	1,252,172	(43,080)	263,334	306,414
<b>Other financing sources (uses):</b>						
Advances in . . . . .	-	-	-	135,401	197,000	61,599
Advances out . . . . .	(75,680)	(197,000)	(121,320)	-	-	-
Refund of prior year expenditures . . . . .	120	137	17	-	-	-
Operating transfers in . . . . .	658,562	750,000	91,438	10,997	16,000	5,003
Operating transfers out . . . . .	(47,275)	(39,383)	7,892	(698,867)	(750,000)	(51,133)
Total other financing sources (uses) . . . . .	535,727	513,754	(21,973)	(552,469)	(537,000)	15,469
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(1,733,870)	(503,671)	1,230,199	(595,549)	(273,666)	321,883
Fund balances, July 1 . . . . .	778,836	778,836	-	972,596	972,596	-
Prior year encumbrances appropriated . . . . .	163,334	163,334	-	44,498	44,498	-
Fund balances/(deficit), June 30 . . . . .	\$ (791,700)	\$ 438,499	\$ 1,230,199	\$ 421,545	\$ 743,428	\$ 321,883

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 45,406	\$ 117,875	\$ 72,469	\$ 2,992,928	\$ 3,569,274	\$ 576,346
-	-	-	-	-	-	68,499	78,010	9,511
-	-	-	-	-	-	137,149	199,544	62,395
-	-	-	-	-	-	48,035	64,641	16,606
-	-	-	24,594	63,848	39,254	4,839,178	5,620,099	780,921
-	-	-	-	-	-	111,381	162,053	50,672
-	-	-	70,000	181,723	111,723	8,197,170	9,693,621	1,496,451
-	-	-	84,569	47,315	37,254	4,271,748	4,190,810	80,938
-	-	-	-	-	-	686,872	697,342	(10,470)
-	-	-	-	-	-	121,192	119,094	2,098
-	-	-	-	-	-	368,139	343,881	24,258
-	-	-	-	-	-	380,316	360,902	19,414
-	-	-	-	-	-	482,950	467,368	15,582
-	-	-	-	-	-	37,723	32,738	4,985
-	-	-	-	-	-	884,498	837,257	47,241
-	-	-	2,500	2,359	141	256,049	252,977	3,072
-	-	-	-	-	-	1,896,194	1,879,510	16,684
-	-	-	-	-	-	519,550	491,506	28,044
-	-	-	-	-	-	105,947	113,582	(7,635)
-	-	-	-	-	-	93,446	100,283	(6,837)
-	-	-	-	-	-	418,514	428,413	(9,899)
-	-	-	-	-	-	3,778	-	3,778
22,549	22,549	-	-	-	-	22,549	22,549	-
24,451	834	23,617	-	-	-	24,451	834	23,617
47,000	23,383	23,617	87,069	49,674	37,395	10,573,916	10,339,046	234,870
(47,000)	(23,383)	23,617	(17,069)	132,049	149,118	(2,376,746)	(645,425)	1,731,321
-	-	-	-	-	-	135,401	197,000	61,599
-	-	-	-	-	-	(75,680)	(197,000)	(121,320)
-	-	-	-	-	-	120	137	17
-	23,383	23,383	-	-	-	669,559	789,383	119,824
-	-	-	-	-	-	(746,142)	(789,383)	(43,241)
-	23,383	23,383	-	-	-	(16,742)	137	16,879
(47,000)	-	47,000	(17,069)	132,049	149,118	(2,393,488)	(645,288)	1,748,200
259,101	259,101	-	2,587	2,587	-	2,013,120	2,013,120	-
-	-	-	17,069	17,069	-	224,901	224,901	-
\$ 212,101	\$ 259,101	\$ 47,000	\$ 2,587	\$ 151,705	\$ 149,118	\$ (155,467)	\$ 1,592,733	\$ 1,748,200

**CHIPPEWA LOCAL SCHOOL DISTRICT**  
**WAYNE COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Tuition and fees . . . . .	\$ 80,035	\$ -	\$ 80,035
Sales/charges for services . . . . .	286,754	751,888	1,038,642
Other operating revenues . . . . .	<u>-</u>	<u>12,376</u>	<u>12,376</u>
Total operating revenues . . . . .	<u>366,789</u>	<u>764,264</u>	<u>1,131,053</u>
Operating expenses:			
Personal services . . . . .	196,266	8,432	204,698
Contract services . . . . .	17,439	203,066	220,505
Materials and supplies . . . . .	268,200	3,625	271,825
Depreciation . . . . .	1,955	-	1,955
Claims expense . . . . .	<u>-</u>	<u>844,811</u>	<u>844,811</u>
Total operating expenses . . . . .	<u>483,860</u>	<u>1,059,934</u>	<u>1,543,794</u>
Operating loss . . . . .	<u>(117,071)</u>	<u>(295,670)</u>	<u>(412,741)</u>
Nonoperating revenues:			
Intergovernmental grants . . . . .	76,302	2,981	79,283
Federal commodities . . . . .	28,430	-	28,430
Interest revenue . . . . .	<u>1,010</u>	<u>14,133</u>	<u>15,143</u>
Total nonoperating revenues . . . . .	<u>105,742</u>	<u>17,114</u>	<u>122,856</u>
Net loss . . . . .	(11,329)	(278,556)	(289,885)
Retained earnings, July 1 . . . . .	<u>61,897</u>	<u>424,989</u>	<u>486,886</u>
Retained earnings, June 30 . . . . .	<u>\$ 50,568</u>	<u>\$ 146,433</u>	<u>\$ 197,001</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**CHIPPEWA LOCAL SCHOOL DISTRICT**  
**WAYNE COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees . . . . .	\$ 80,284	\$ -	\$ 80,284
Cash received from sales/service charges . . . . .	286,754	751,888	1,038,642
Cash received from other operations . . . . .	-	12,376	12,376
Cash payments for personal services . . . . .	(192,250)	(8,432)	(200,682)
Cash payments for contract services . . . . .	(17,305)	(203,066)	(220,371)
Cash payments for materials and supplies . . . . .	(243,580)	(3,877)	(247,457)
Cash payments for claims expenses . . . . .	-	(820,418)	(820,418)
Net cash used in operating activities . . . . .	<u>(86,097)</u>	<u>(271,529)</u>	<u>(357,626)</u>
Cash flows from noncapital financing activities:			
Cash received from intergovernmental grants . . . . .	<u>76,302</u>	<u>2,981</u>	<u>79,283</u>
Net cash provided by noncapital financing activities . . . . .	<u>76,302</u>	<u>2,981</u>	<u>79,283</u>
Cash flows from investing activities:			
Interest received . . . . .	<u>1,010</u>	<u>14,133</u>	<u>15,143</u>
Net cash provided by investing activities . . . . .	<u>1,010</u>	<u>14,133</u>	<u>15,143</u>
Net decrease in cash and cash equivalents . . . . .	(8,785)	(254,415)	(263,200)
Cash and cash equivalents at beginning of year . . . . .	90,234	550,568	640,802
Cash and cash equivalents at end of year . . . . .	<u>\$ 81,449</u>	<u>\$ 296,153</u>	<u>\$ 377,602</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss . . . . .	\$ (117,071)	\$ (295,670)	\$ (412,741)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation . . . . .	1,955	-	1,955
Federal donated commodities . . . . .	28,430	-	28,430
Changes in assets and liabilities:			
Decrease in materials and supplies inventory . . . . .	3,503	-	3,503
Decrease in accounts receivable . . . . .	249	-	249
Decrease in accounts payable . . . . .	(79)	(252)	(331)
Increase in accrued wages and benefits . . . . .	2,227	-	2,227
Increase in compensated absences payable . . . . .	1,076	-	1,076
Increase in pension obligation payable . . . . .	283	-	283
Increase in due to other governments . . . . .	430	-	430
Increase in claims payable . . . . .	-	24,393	24,393
Decrease in deferred revenue . . . . .	<u>(7,100)</u>	<u>-</u>	<u>(7,100)</u>
Net cash used in operating activities . . . . .	<u>\$ (86,097)</u>	<u>\$ (271,529)</u>	<u>\$ (357,626)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Chippewa Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District currently ranks as the 374<sup>th</sup> largest in terms of total enrollment (among the 705 public and community school districts in the state) in terms of enrollment. The District is staffed by 74 non-certificated employees and 107 certificated full-time teaching personnel who provide services to 1,490 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The following organizations are described due to their relationship to the District.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*JOINTLY GOVERNED ORGANIZATIONS*

Midland Council of Governments

The District is a member of the Midland Council of Governments (the “COG”), which was organized as a council-of-governments entity in accordance with Ohio statute. While the District and the other 21 members are assessed annual user fees for data services, none of the members retain an ongoing financial interest in the COG.

Wayne County Career Center (the “Center”)

The Center is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers’ Compensation Group Rating Plan (GRP)

The District participates in the GRP, an insurance purchasing pool. The GRP’s business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Basis of Presentation - Fund Accounting**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For general purpose financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

*GOVERNMENTAL FUND TYPES*

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

*General Fund* - The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Special Revenue Funds* - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure 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 obligation principal, interest, and related costs.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Capital Projects Funds* - The capital projects funds are 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).

*PROPRIETARY FUND TYPES*

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

*Enterprise Funds* - The enterprise funds are used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been 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* - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

*FIDUCIARY FUND TYPES*

Fiduciary 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 an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, at June 30, 2002, there were no agency fund accruals which, in other fund types, would be recognized in the combined balance sheet.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of 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 Assets Account Group* - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the District, except those accounted for in the proprietary funds.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The modified accrual basis of accounting is followed for the governmental funds and expendable trust fund. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**D. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds (except agency). The specific timetable for fiscal year 2002, is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Wayne County Budget Commission for tax rate determination.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the object level within each function for the general fund and at the fund level of expenditures for all other funds, which are the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the object level within each function for the general fund and at the fund level of expenditures for all other funds, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any object within each function for the general fund and the fund level for all other fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2002. The amounts reported in the budgetary statements reflect the amounts set forth in the final appropriations approved by the Board.



**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the object level within each function for the general fund and the fund level for all other funds.

Encumbrance accounting is utilized by District funds during the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 12 discloses encumbrances outstanding for the enterprise funds at fiscal year-end.

**E. Cash and Investments**

To improve cash management, cash received by the District other than “cash with fiscal agent” is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the 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 investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

Under existing Ohio statute and federal regulations, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the employee benefit self-insurance internal service fund. Interest revenue credited to the general fund during fiscal 2002 totaled \$77,000, which included \$44,859 assigned from other funds of the District.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

**F. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$250. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**G. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16 “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service and all employees with at least twenty (20) years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than 60 days after year-end are considered not to have been made with current available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**I. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources 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. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2002.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

4. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable and payable at June 30, 2002.

An analysis of interfund transactions is presented in Note 5.

**J. Fund Equity**

The District records reservations for portions of fund equity which are legally segregated for 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 are established for encumbrances, prepayments, tax revenue unavailable for appropriation, and Bureau of Workers’ Compensation (BWC) refunds.

Designated fund balances represent tentative plans of management, which are subject to change.

**K. Prepayments**

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Parochial School**

Within the District boundaries, St. Peter & Paul Catholic School is operated through the Catholic Diocese. Current state legislation provides funding to the 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 school. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. A fund balance reserve has also been established. (See Note 17).

Designated fund balance represents planned action for monies set-aside by the District for budget stabilization.

**O. Inventory**

Inventories of the proprietary fund are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchases.

**P. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate additional financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances**

Fund balances at June 30, 2002 included the following individual fund deficits:

<u>Special Revenue Funds</u>	<u>Deficit Balances</u>
Disadvantaged Pupil Program	\$ 674
Early Childhood Education	3,329
Title VI-B	121,405
Title I	118,018
Title VI	1,523

These deficit balances are a result of accrued wages, benefits, pension and interfund obligations in accordance with GAAP.

These GAAP-basis deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The general fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur. These funds complied with state statute which does not allow for a negative fund balance at year-end.

**B. Statutory Noncompliance**

1. The following funds had appropriations in excess of estimated resources for the fiscal year ended June 30, 2002 in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
General	General Fund	\$791,700
Special Revenue	Public Preschool	26,571
Special Revenue	IDEA Part B	79,935

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

2. It was noted during the audit that the District had expenditures exceeding appropriations in the following funds in non-compliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type</u>	<u>Function/Object</u>	<u>Excess</u>
General	Pupil: Benefits	\$ 72
General	Board of Education: Purchased Services	345
General	Board of Education: Supplies and Materials	547
General	Pupil Transportation: Salaries	7,480
General	Central: Purchased Services	7,635

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	District Managed Student Activity	\$ 7,216
Special Revenue	Auxiliary Services	3,179
Special Revenue	Teacher Development	41
Special Revenue	Early Childhood Education	21,664
Special Revenue	Ohio Reads	14,255
Special Revenue	Misc. State Grants	93,804
Special Revenue	Eisenhower Professional Development	1,458
Special Revenue	IDEA Part B	128,331
Special Revenue	Title I	36,216
Special Revenue	Drug-Free Schools	1,629
Capital Projects	Permanent Improvement	2,359
Enterprise	Food Service	17,191
Internal Service	Rotary	2,534

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.



**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash with fiscal agent:* The District's self insurance reserves are on deposit with a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2002 was \$294,858.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Deposits:* At year-end, the carrying amount of the District's deposits was \$(276,462) and the bank balance was \$100,917. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". The entire bank balance was covered by federal depository insurance.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states.

Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

*Investments:* Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category of Risk <u>3</u>	Fair Value
Repurchase agreements	\$245,072	\$ 245,072
Not subject to categorization:		
Investment in STAR Ohio	-	<u>1,900,011</u>
Total investments	<u>\$245,072</u>	<u>\$2,145,083</u>

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

A reconciliation between the classifications of pooled cash and cash equivalents on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 1,868,621	\$ -
Investments of the cash Management pool:		
Investment in STAR Ohio	(1,900,011)	1,900,011
Repurchase agreement	<u>(245,072)</u>	<u>245,072</u>
GASB Statement No. 3	<u>\$ (276,462)</u>	<u>\$2,145,083</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a reconciliation of the District's operating transfers for 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$750,000	\$ 39,383
<u>Special Revenue Funds</u>		
Emergency Levy	-	750,000
Early Childhood Education Grant	16,000	-
<u>Debt Service Fund</u>		
Bond Retirement	<u>23,383</u>	<u>-</u>
Total	<u>\$789,383</u>	<u>\$789,383</u>

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5750.15 and 5705.16.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

B. The following is a summarized breakdown of the District's interfund loans receivable and payable at June 30, 2002:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$197,000	\$ -
<u>Special Revenue Funds</u>		
Title VI-B	-	95,000
Title I	-	100,000
Title VI	-	<u>2,000</u>
Total	<u>\$197,000</u>	<u>\$197,000</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by state law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year.

Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Wayne County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible 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, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Tax advances available to the District at June 30, 2002 totaled \$500,500.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The assessed value upon which the 2001 taxes were collected was \$135,487,259. Agricultural/residential and public utility/minerals real estate represented 84.35% or \$114,277,910 of this total; commercial & industrial real estate represented 5.85% or \$7,928,370 of this total; public utility tangible represented 5.93% or \$8,031,860 of this total and general tangible property represented 3.87% or \$5,249,119 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$41.10 per \$1,000.00 of assessed valuation for operations.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), and interfund loans and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables are presented as “due from other governments” in the combined balance sheet. All receivables are collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs and the current fiscal year guarantee of federal funds

A summary of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Property taxes - current and delinquent	\$3,297,105
Interfund loans	197,000
Accounts	58
 <u>Special Revenue Funds</u>	
Property taxes - current and delinquent	495,813
Due from other governments	191,766
Accounts	1,156
 <u>Capital Projects Funds</u>	
Property taxes - current and delinquent	261,848
 <u>Enterprise Funds</u>	
Accounts	125
 <u>Expendable Trust Fund</u>	
Accounts	387

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

Furniture and equipment	\$ 260,232
Less: accumulated depreciation	<u>(257,381)</u>
Net fixed assets	<u><u>\$ 2,851</u></u>

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 8 - FIXED ASSETS - (Continued)**

A summary of the changes in general fixed assets during fiscal year 2002 follows:

<u>Asset Category</u>	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
Land and improvements	\$ 783,539	\$740,056	\$ -	\$ 1,523,595
Buildings and improvements	4,891,277	-	-	4,891,277
Furniture, fixtures and equipment	2,849,729	192,967	-	3,042,696
Vehicles	<u>987,146</u>	<u>45,980</u>	-	<u>1,033,126</u>
Totals	<u>\$9,511,691</u>	<u>\$979,003</u>	<u>\$ -</u>	<u>\$10,490,694</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. The changes in the District's long-term obligations during fiscal year 2002 were as follows:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2002</u>
Compensated absences	\$456,250	\$ -	\$ (26,083)	\$430,167
Pension obligation	75,197	78,476	(75,197)	78,476
Energy conservation notes payable	<u>22,549</u>	-	<u>(22,549)</u>	-
Total	<u>\$553,996</u>	<u>\$78,476</u>	<u>\$(123,829)</u>	<u>\$508,643</u>

During fiscal year 1993, the District issued energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of these notes is through energy savings as a result of the improvements. These notes carried an interest rate of 7.4% and matured on July 15, 2002. Payments of principal and interest relating to the energy conservation notes are recorded as expenditures in the debt service fund.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.



**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$12,452,954 (including available funds of \$259,101), an unvoted debt margin of \$135,487, and an unvoted energy conservation debt margin of \$1,219,385.

**NOTE 10 - EMPLOYEE BENEFITS**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn 10 to 20 days of vacation per year, depending upon length of service. The superintendent and treasurer earn 15 days of vacation per year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, elementary, middle and high school principals do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of fifteen days per year for all personnel. The total lifetime maximum sick leave accumulation is 240 days for certified personnel and 237 days for classified personnel. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 55 days for certified employees and classified employees.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the District contracted with Harcum - Hyre Insurance Company for property and general liability insurance for boiler coverage. Liability coverage is limited to \$2,000,000 per claim and the boiler and property insurance carries a limitation of \$23,437,200 in the aggregate with a \$1,000 deductible.

Vehicles are covered by Harcum - Hyre Insurance Company and hold a \$100 deductible for collision. Automobile liability coverage has a \$1,000,000 limit for collision, a \$1,000,000 limit per accident for bodily injury and a \$3,000 limit for medical payments.

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior fiscal year.

**B. Employee Health Insurance**

Major medical, hospitalization, dental, life, and/or disability coverage is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of several school districts within the County, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The plan is administered through OME-RESA and provides stop loss protection of \$40,000 per individual per year. The claims liability of \$149,720 reported in the internal service fund at June 30, 2002 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the current and past two fiscal years is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2002	\$125,327	\$844,811	\$(820,418)	\$149,720
2001	147,733	800,892	(823,298)	125,327

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 11 - RISK MANAGEMENT - (Continued)**

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**C. Workers' Compensation**

For fiscal year 2002, the District participated in the GRP, an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The following table reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2002.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 286,754	\$80,035	\$ 366,789
Operating expenses before depreciation	402,929	78,976	481,905
Depreciation expense	1,955	-	1,955
Operating income/(loss)	(118,130)	1,059	(117,071)
Nonoperating revenues:			
Federal commodities	28,430	-	28,430
Intergovernmental grants	76,302	-	76,302
Net income/(loss)	(12,388)	1,059	(11,329)
Net working capital	32,153	30,172	62,325
Total assets	66,369	30,172	96,541
Total liabilities	45,973	-	45,973
Total equity	20,396	30,172	50,568
Encumbrances outstanding at June 30, 2002	20,952	4,621	25,573

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered salary; 5.46 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS within the rates allowed by state statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$201,935, \$205,332, and \$166,338, respectively. Of the contribution requirement 52.08% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$96,768, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes general purpose financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered salary; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$667,483, \$628,146, and \$607,121, respectively. Of the contribution requirement 83.69% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$108,872 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2002, five members of the Board of Education have elected social security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$214,548 during fiscal 2002.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002. For the fiscal year ended June 30, 2002 net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. 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 year 2002, the minimum pay has been established at \$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.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 were \$182.947 million and the target level was \$274.4 million. At June 30, 2002 SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$143,707 during the 2002 fiscal year.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

- (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 (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**Excess(Deficiency) of Revenues and Other Financing Sources  
Over(Under) Expenditures and Other Financing (Uses)**

	<u>All Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Budget basis	\$(503,671)	\$(273,666)	\$132,049
Net adjustment for revenue accruals	(233,215)	(28,315)	32,332
Net adjustment for expenditure accruals	(31,119)	38,631	(636)
Net adjustment for other financing sources/(uses)	196,863	(197,000)	-
Net adjustment for encumbrances	<u>139,810</u>	<u>26,187</u>	<u>1,884</u>
GAAP Basis	<u><u>\$(431,332)</u></u>	<u><u>\$(434,163)</u></u>	<u><u>\$165,629</u></u>



**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. State School Funding Decision**

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 plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 17 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year-ended June 30, 2002, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>	<u>Designated Budget Stabilization</u>
Set-aside cash balance as of July 1, 2001	\$ (76,543)	\$ (885,454)	\$43,205	\$363,636
Current year set-aside requirement	178,812	178,812	-	-
Current year offsets	-	(131,912)	-	-
Current year qualifying expenditures	<u>(188,350)</u>	<u>(935,799)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (86,081)</u>	<u>\$(1,774,353)</u>	<u>\$43,205</u>	<u>\$ 363,636</u>
Cash balance carried forward to FY 2003	<u>\$ (86,081)</u>	<u>\$( 885,454)</u>	<u>\$43,205</u>	<u>\$ 363,636</u>

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. Further, via Board Resolution, the District elected to maintain its budget stabilization amount at June 30, 2002.

The District had offsets and qualifying disbursements that reduced the set-aside amount below zero for the instructional materials reserve this extra amount may be used to reduce the set-aside requirement for future years. Although the District had offsets and qualifying expenditures that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future fiscal years. The negative amounts are therefore presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for BWC refunds	<u>\$43,205</u>
Total restricted assets	<u>\$43,205</u>

## **SUPPLEMENTAL DATA**

**CHIPPEWA LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (B) Food Distribution	10.550	N/A	\$ -	\$ 28,430	\$ -	\$ 28,430
(A) (C) National School Lunch	10.555	050534-LLP4-2001	10,168		10,168	
(A) (C) National School Lunch	10.555	050534-LLP4-2002	63,697		63,697	
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<u>73,865</u>	<u>28,430</u>	<u>73,865</u>	<u>28,430</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	050534-C1S1-2002	16,294		92,880	
Title VI-B - Special Education: Grants to State	84.027	050534-6BSF-2001-P	75,912		-	
Title VI-B - Special Education: Grants to State	84.027	050534-6BSF-2002-P	37,453		126,283	
<b>Total Title VI-B</b>			<u>113,365</u>		<u>126,283</u>	
Safe and Drug-Free Schools	84.186	050534-DRS1-2002	1,329		1,629	
Eisenhower Professional Developmen	84.281	050534-MSS1-2002	5,725		1,294	
Title VI - Innovative Education Program Strategie	84.298	050534-C2S1-2002	2,579		5,649	
Title VI-R - Class Size Reduction	84.340	050534-CRS1-2000	14,594		-	
Title VI-R - Class Size Reduction	84.340	050534-CRS1-2002	8,167		-	
<b>Total Title VI-R</b>			<u>22,761</u>		<u>-</u>	
<b>Total U.S. Department of Education</b>			<u>162,053</u>		<u>227,735</u>	
<b>Total Federal Financial Assistance</b>			<u>\$ 235,918</u>	<u>\$ 28,430</u>	<u>\$ 301,600</u>	<u>\$ 28,430</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major program  
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices  
 (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on first-in, first-out basis.  
 (D) This schedule was prepared on the cash basis of accounting

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## **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  
Chippewa Local School District  
56 North Portage Street  
Doylestown, Ohio 44230

We have audited the general purpose financial statements of Chippewa Local School District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated November 20, 2003. 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 Chippewa Local 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 test disclosed three instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as items 2002-CLSD-001 and 2002-CLSD-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Chippewa Local School District in a separate letter dated November 20, 2003.

Board of Education  
Chippewa Local School District

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chippewa Local 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 that does not require inclusion in this report, that we have reported to the management of Chippewa Local School District in a separate letter dated November 20, 2003.

This report is intended for the information and use of the management and Board of Education of Chippewa Local School District, Wayne County, 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.

Trimble, Julian & Grube, Inc.  
November 20, 2003

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## **Report On Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133***

Board of Education  
Chippewa Local School District  
56 North Portage Street  
Doylestown, Ohio 44230

### Compliance

We have audited the compliance of Chippewa Local 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 major federal program for the fiscal year ended June 30, 2002. Chippewa Local 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 major federal program is the responsibility of Chippewa Local School District’s management. Our responsibility is to express an opinion on Chippewa Local 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, *Audit 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 Chippewa Local 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 on Chippewa Local School District’s compliance with those requirements.

Board of Education  
Chippewa Local School District

In our opinion, Chippewa Local School District complied, in all material respects, with the requirements referred to above that are applicable to each major federal programs for the fiscal year ended June 30, 2002.

However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with *OMB Circular A-133* and which is described in the accompanying schedule of findings as item 2002-CLSD-003.

#### Internal Control Over Compliance

The management of Chippewa Local 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 Chippewa Local 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 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. However, we noted a matter involving the internal control over compliance, which we have reported to the management of Chippewa Local School District in a separate letter dated November 20, 2003.

This report is intended for the information and use of management, the Board of Education of Chippewa Local School District, 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.

Trimble, Julian & Grube, Inc.  
November 20, 2003



**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY  
JUNE 30, 2002**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs:</i>	Nutrition Cluster: CFDA #10.550 and #10.555; Title I: CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO  
JUNE 30, 2002**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

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

Finding Number	2002-CLSD-001
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
General	General Fund	\$791,700
Special Revenue	Public Preschool	26,571
Special Revenue	IDEA Part B	79,935

With appropriations exceeding estimated resources, the District may spend more funds than in the Treasury or process of collection and cause fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO  
JUNE 30, 2002**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL  
STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2002-CLSD-002
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures exceeding appropriations in the following funds:

<u>Fund Type</u>	<u>Function/Object</u>	<u>Excess</u>
General	Pupil: Benefits	\$ 72
General	Board of Education: Purchased Services	345
General	Board of Education: Supplies and Materials	547
General	Pupil Transportation: Salaries	7,480
General	Central: Purchased Services	7,635

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	District Managed Student Activity	\$ 7,216
Special Revenue	Auxiliary Services	3,179
Special Revenue	Teacher Development	41
Special Revenue	Early Childhood Education	21,664
Special Revenue	Ohio Reads	14,255
Special Revenue	Misc. State Grants	93,804
Special Revenue	Eisenhower Professional Development	1,458
Special Revenue	IDEA Part B	128,331
Special Revenue	Title I	36,216
Special Revenue	Drug-Free Schools	1,629
Capital Projects	Permanent Improvement	2,359
Enterprise	Food Service	17,191
Internal Service	Rotary	2,534

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO  
JUNE 30, 2002**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2002-CLSD-002 - (Continued)
----------------	-----------------------------

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated. This could result in unnecessary purchases of fund deficits.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Audit Requirement

Finding Number	2002-CLSD-003
CFDA Title and Number	N/A
Federal Award Number/Year	N/A
Federal Agency	N/A
Pass-Through Agency	Ohio Department of Education

Non-compliance Finding

31 U.S.C. 7502(a)(1)(A) requires non-federal entities that expend \$300,000 or more in a year in Federal Awards shall have an annual Single or Program-Specific audit conducted for that year.

The District expended \$323,378 in federal awards in fiscal year 2002 and did not have an annual Single Audit conducted until fiscal year 2004.

We recommend the District implement a monitoring procedure to ensure the District has a Single Audit conducted when required. We further recommend the District notify the Auditor of State's office should it determine it has spent more than the required threshold. Without a single audit being conducted in a timely manner the District is potentially effecting its federal funding status.

**CHIPPEWA LOCAL SCHOOL DISTRICT  
WAYNE COUNTY, OHIO  
JUNE 30, 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
*OMB CIRCULAR A-133 §.505***

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u>; <i>Explain:</i></b>
2001-CLSD-001	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.	No	The District's Treasurer is attempting to prepare amendments to the amended certificates on a more frequent/timely basis.
2001-CLSD-002	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	No	The District's Treasurer is attempting to prepare amendments to the budget on a more frequent/timely basis.

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**CHIPPEWA LOCAL SCHOOL DISTRICT**

**WAYNE 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 27, 2004**