WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Auditor of State
Betty Montgomery

WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

TABLE OF CONTENTS

TITLE	**PAGE**

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Auditor of State
Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Waynesfield Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Waynesfield Goshen Local School District, Auglaize County, (the District) as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Waynesfield Goshen Local School District, Auglaize County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2004, 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.

Betty Montgomery

Betty Montgomery
Auditor of State

January 12, 2004

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WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2003

	Governmental Fund Types			
	General	**Special Revenue**	**Debt Service**	**Capital Projects**
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	$2,760,273	$42,392	$90,262	$90,850
Receivables:				
Taxes	1,112,152	14,354	92,065	65,336
Accounts				
Intergovernmental		55,518		
Accrued Interest	556			
Income Tax	162,022			
Materials and Supplies Inventory				
Prepaid Items				
Fixed Assets (Net of Accumulated Depreciation (where applicable)				
Restricted Cash	15,636			
Other Debits:				
Amount in Available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	4,050,639	112,264	182,327	156,186
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	6,770			
Accrued Wages and Benefits	383,987	5,998		
Compensated Absences Payable	3,482			
Intergovernmental Payable	48,435	1,495		
Deferred Revenue	1,059,887	23,845	85,510	62,794
Due to Students				
General Obligation Bonds Payable				
Total Liabilities	1,502,561	31,338	85,510	62,794
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	50,696	12,832		63,535
Reserved for Property Taxes	52,265	997	6,555	2,542
Reserved for Budget Stabilization	15,636			
Designated for Track				12,341
Unreserved:				
Unreserved, Undesignated	2,429,481	67,097	90,262	14,974
Total Fund Equity and Other Credits	2,548,078	80,926	96,817	93,392
Total Liabilities, Fund Equity and Other Credits	$4,050,639	$112,264	$182,327	$156,186

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
$40,464	$41,876			$3,066,117
				1,283,907
	1,500			1,500
4,519				60,037
				556
				162,022
3,105				3,105
2,126				2,126
40,488		$7,284,333		7,324,821
				15,636
			$96,817	96,817
			851,189	851,189
90,702	43,376	7,284,333	948,006	12,867,833
				6,770
10,648				400,633
4,109			199,701	207,292
8,850			33,305	92,085
				1,232,036
	34,228			34,228
			715,000	715,000
23,607	34,228		948,006	2,688,044
		7,284,333		7,284,333
90				90
67,005				67,005
				127,063
				62,359
				15,636
				12,341
	9,148			2,610,962
67,095	9,148	7,284,333		10,179,789
$90,702	$43,376	$7,284,333	$948,006	$12,867,833

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types				Fiduciary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum) Only)
Revenues:						
Intergovernmental	$2,901,400	$234,308	$12,770	$16,852		$3,165,330
Interest	42,853			1,492	$160	44,505
Tuition and Fees	51,488					51,488
Rent	89					89
Extracurricular Activities		72,122			2,040	74,162
Income Tax	409,582					409,582
Property & Other Local Taxes	820,507	16,169	102,639	40,657		979,972
Miscellaneous	18,094					18,094
Total Revenues	4,244,013	322,599	115,409	59,001	2,200	4,743,222
Expenditures:						
Instruction:						
Regular	1,980,670	39,235		40,576	500	2,060,981
Special	243,424	115,105				358,529
Vocational	122,014					122,014
Other	1,735					1,735
Support Services:						
Pupils	38,827	6,760				45,587
Instructional Staff	158,534	63,436		14,024		235,994
Board of Education	118,948					118,948
Administration	495,368	10,553				505,921
Fiscal	161,412	11,715	1,643	1,545		176,315
Operation and Maintenance of Plant	411,195	800				411,995
Pupil Transportation	178,618					178,618
Non-Instructional Services	2,734	579				3,313
Extracurricular Activities	76,728	71,031			287	148,046
Capital Outlay				155,037		155,037
Debt Service						
Debt Service - Principal			55,957			55,957
Debt Service - Interest			51,459			51,459
Total Expenditures	3,990,207	319,214	109,059	211,182	787	4,630,449
Excess of Revenues Over (Under) Expenditures	253,806	3,385	6,350	(152,181)	1,413	112,773
Other Financing Sources and Uses						
Operating Transfers In		5,708		84,994		90,702
Proceeds from Sale of Fixed Assets	1,680					1,680
Other Financing Sources	10,862	15				10,877
Operating Transfers Out	(90,702)					(90,702)
Total Other Financing Sources (Uses)	(78,160)	5,723		84,994		12,557
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	175,646	9,108	6,350	(67,187)	1,413	125,330
Fund Balance at Beginning of Year	2,372,432	71,818	90,467	160,579	7,735	2,703,031
Fund Balance at End of Year	$2,548,078	$80,926	$96,817	$93,392	$9,148	$2,828,361

The notes to the general-purpose financial statements are an integral part of this statement.

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WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types					
	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	$2,828,390	$2,901,400	$73,010	$176,433	$189,278	$12,845
Interest	40,000	43,726	3,726			
Tuition and Fees	46,294	51,712	5,418			
Rent		89	89			
Extracurricular Activities				81,393	73,054	(8,339)
Gifts and Donations						
Income Tax	424,846	428,902	4,056			
Property and Other Local Taxes	818,117	807,579	(10,538)	17,463	15,960	(1,503)
Miscellaneous	10,736	18,094	7,358			
Total Revenues	4,168,383	4,251,502	83,119	275,289	278,292	3,003
Expenditures:						
Current:						
Instruction:						
Regular	2,063,866	1,994,936	68,930	69,342	53,100	16,242
Special	283,160	247,152	36,008	100,256	110,762	(10,506)
Vocational	142,818	136,893	5,925			
Other	(7,387)	1,735	(9,122)			
Support Services:						
Pupils	28,965	39,830	(10,865)	10,815	6,760	4,055
Instructional Staff	159,655	144,931	14,724	89,384	64,521	24,863
Board of Education	132,684	118,948	13,736			
Administration	508,695	484,544	24,151	10,552	10,552	
Fiscal	176,662	150,062	26,600	5,380	11,715	(6,335)
Business		548	(548)			
Operation and Maintenance of Plant	430,905	424,910	5,995	2,270	2,270	
Pupil Transportation	209,650	188,964	20,686			
Central	2,000		2,000			
Non-Instructional Services	6,000	2,734	3,266	600	579	21
Extracurricular Activities	75,750	77,385	(1,635)	80,825	77,736	3,089
Capital Outlay		500	(500)	1,017		1,017
Debt Service						
Debt Service - Principal						
Debt Service - Interest						
Total Expenditures	4,213,423	4,014,072	199,351	370,441	337,995	32,446
Excess of Revenues Over (Under) Expenditures	(45,040)	237,430	282,470	(95,152)	(59,703)	35,449
Other Financing Sources and Uses						
Operating Transfers In				12,175	5,708	(6,467)
Proceeds from Sale of Fixed Assets		1,680	1,680			
Refund of Prior Year Expenditures	10,670	10,863	193		15	15
Operating Transfers Out	(100,000)	(90,702)	9,298			
Total Other Financing Sources (Uses)	(89,330)	(78,159)	11,171	12,175	5,723	(6,452)
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(134,370)	159,271	293,641	(82,977)	(53,980)	28,997
Fund Balances at Beginning of Year	2,481,538	2,481,538		60,687	60,687	
Prior Year Encumbrances Appropriated	79,027	79,027		22,905	22,905	
Fund Balance at End of Year	$2,426,195	$2,719,836	$293,641	$615	$29,612	$28,997

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types						Fiduciary Trust Fund		
Debt Service			Capital Projects			Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
	$12,770	$12,770	$178,110	$17,602	($160,508)			
			1,671	1,492	(179)	$1,005	$160	($845)
						1,000	200	(800)
						1,575		(1,575)
$111,433	101,687	(9,746)	43,560	40,049	(3,511)			
111,433	114,457	3,024	223,341	59,143	(164,198)	3,580	360	(3,220)
			62,487	40,576	21,911	1,500	500	1,000
			16,050	14,024	2,026			
5,000	1,643	3,357	1,545	1,545				
			226,120	219,791	6,329			
56,000	55,957	43						
53,500	51,459	2,041						
114,500	109,059	5,441	306,202	275,936	30,266	1,500	500	1,000
(3,067)	5,398	8,465	(82,861)	(216,793)	(133,932)	2,080	(140)	(2,220)
			24,994	84,994	60,000			
			24,994	84,994	60,000			
(3,067)	5,398	8,465	(57,867)	(131,799)	(73,932)	2,080	(140)	(2,220)
84,864	84,864		126,848	126,848		7,705	7,705	
			32,265	32,265		30	30	
$81,797	$90,262	$8,465	$101,246	$27,314	($73,932)	$9,815	$7,595	($2,220)

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY PROPRIETARY FUND TYPE FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Enterprise Funds
Operating Revenues:	
Sales	$142,479
Total Operating Revenues	142,479
Operating Expenses	
Salaries	54,489
Fringe Benefits	34,810
Purchased Services	1,786
Materials and Supplies	76,334
Depreciation	2,039
Other	143
Total Operating Expenses	169,601
Operating Income (Loss)	(27,122)
Non-Operating Revenues and Expenses	
Federal Donated Commodities	6,115
Interest	372
Federal and State Subsidies	41,084
Total Non-Operating Revenues and Expenses	47,571
Net Income (Loss)	20,449
Retained Earnings/Fund Balances at Beginning of Year	46,556
Retained Earnings/Fund Balances at End of Year	67,005
Contributed Capital at Beginning of Year	90
Contributed Capital at End of Year	90
Total Fund Equity at End of Year	$67,095

The notes to the general-purpose financial statements are an integral part of this statement.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Sales	$142,479
Cash Payments to Suppliers for Goods and Service	(79,312)
Cash Payments for Contract Services	(1,786)
Cash Payments for Employee Services	(57,421)
Cash Payments for Employee Benefits	(35,503)
Other Cash Payments	(143)
Net Cash Provided (Used) by Operating Activities	(31,686)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	36,565
Net Cash Provided By Noncapital Financing Activities	36,565
Cash Flows from Investing Activities:	
Interest Received	372
Net Cash Provided (Used) by Investing Activities	372
Net Increase (Decrease) in Cash and Cash Equivalents	5,251
Cash and Cash Equivalents at Beginning of Year	35,213
Cash and Cash Equivalents at End of Year	$40,464
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	($27,122)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:	
Depreciation	2,039
Donated Commodities Used During the Year	6,115
(Increase) Decrease in Assets:	
Material and Supplies Inventory	614
Prepaid Items	(2,126)
Increase (Decrease) in Liabilities:	
Compensated Absences Payable	(2,828)
Intergovernmental Payable	(692)
Accrued Wages and Benefits	2,021
Accounts Payable	(9,707)
Total Adjustments	(4,564)
Net Cash Provided (Used) by Operating Activities	($31,686)

The notes to the general-purpose financial statements are an integral part of this statement.

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1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Waynesfield Goshen 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 was established in 1958 through the consolidation of existing land areas and school districts. The District serves an area of approximately ninety-four square miles. It is located in Allen, Auglaize, and Logan Counties, and includes all of the Village of Waynesfield, and Wayne, Goshen, and parts of Union and Clay Townships.

The District is the 581st largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by 31 classified employees, 49 certified teaching personnel, and three administrative employees who provide services to 623 students and other community members. The District currently operates an instructional building and an administration building.

A. Reporting Entity:

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with five jointly governed organizations and three public entity risk pools. These organizations are the Western Ohio Computer Organization (WOCO), Ohio Hi-Point Joint Vocational School, Auglaize County Local Professional Development Committee, West Central Ohio Regional Professional Development Center, West Central Ohio Special Education Regional Resource Center, Mercer Auglaize Employee Benefit Trust, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 15 and 16 to the general-purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Waynesfield Goshen Local School District have been prepared in conformity with generally accepted accounting principles (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 on or before November 30, 1989, to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the District's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. 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.

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

1. 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 and trust 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 - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or 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.

Capital Projects Funds - 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 or trust funds).

2. Proprietary Fund Type:

Proprietary funds are used to account for the District's ongoing activities that are similar to those found in the private sector.

The following is the District's proprietary fund type:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds - Enterprise funds are used to account for 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.

3. 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. The District's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. 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, except those accounted for in proprietary funds or trust 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 proprietary funds or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 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.

The proprietary fund type is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund type.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days after fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, includes property and income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized on a modified accrual basis in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements included timing requirements, which specify the fiscal year when the revenue 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. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are 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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund, object level within each function for the General fund and fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget

Prior to January 15, 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 express purpose of this budget document is to reflect the need for existing or increased tax rates.

By no later than January 20, the Board-adopted budget is filed with the Auglaize County Budget Commission for rate determination.

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County 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 contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2003.

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, object level of expenditures for the General fund and the fund level for all other funds, which are the legal levels of budgetary control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alters the total of any fund appropriation; or alters object appropriations for the general fund must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

The budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, except agency funds, consistent with statutory provisions.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and the expendable trust funds.

5. Lapsing of Appropriations

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

D. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District 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 2003, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 was $42,853, which included $4,542 assigned from other District funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 an original maturity 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, and not purchased from the pool, are reported as investments.

E. Inventory

Inventory in the proprietary fund is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory in the proprietary fund consists of donated food, purchased food, and school supplies held for resale and is expended when used.

F. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent Bureau of Workers' Compensation refunds whose use is restricted by S.B. 345. The Board plans to maintain this money for budget stabilization as previously required by State law.

G. 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 fund are capitalized. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of five hundred dollars. 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 proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Interest incurred during the construction of general fixed assets is also not capitalized. Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service with the District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

I. 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 liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term loans and bonds are reported as liabilities in the general long-term obligations account group until due. Long-term debt and other obligations financed by the enterprise funds are reported as liabilities in the appropriate fund.

J. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1995, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary fund have been classified as retained earnings.

K. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves have been established for property taxes, budget stabilization, and encumbrances. Designated funds represent money set aside by the District's Board for specific purposes. Money has been designated within the Capital Projects Fund for an all weather track.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents the worker's compensation amount required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The District currently participates in several State and Federal programs, categorized as follows:

Entitlements
- **General Fund**
  - State Foundation Program
  - State Property Tax Relief
  - School Bus Purchase Allocation

Non-Reimbursable Grants
- **Special Revenue Funds**
  - Education Management Information Systems
  - Connectivity Grant
  - School Net Professional Development
  - Ohio Reads
  - Summer Intervention
  - Vocational Education
  - Extended Learning
  - Safe School Help Line
  - Literacy Grant
  - Eisenhower
  - Title VI-B
  - Title I
  - Title VI
  - Title II Improve Teacher Quality
  - Drug Free
  - E-Rate
  - Title VI-R
  - Assistive Technology Infusion
  - Title II-D
  - Rural and Low Income Schools
- **Capital Projects Funds**
  - SchoolNet Plus
  - Technology Equity
  - Interactive Video Distance Learning
  - Emergency Building Repair

Reimbursable Grants
- **General Fund**
  - Driver Education
- **Special Revenue Fund**
  - Telecommunication
- **Enterprise Funds**
  - National School Lunch Program
  - Government Donated Commodities

Grants and entitlements amounted to approximately 66 percent of the revenues of the District's governmental fund types during the 2003 fiscal year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

O. Total Columns on General-Purpose Financial Statements

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

3. COMPLIANCE

At June 30, 2003, the Title VI-B, Title I and Drug Free, special revenue funds had deficit fund cash balances, in the amounts of $29,407, $8,719, and $481, respectively.

4. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (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 (Non GAAP Budgetary Basis) - All Governmental Fund Types and Similar Fiduciary Fund 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 governmental fund types and expendable trust fund types (GAAP basis).

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

All Governmental Fund Types and Similar Fiduciary Fund
Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	$159,271	($53,980)	$5,398	($131,799)	($140)
Revenue Accruals	(7,489)	44,307	952	(142)	2,273
Expenditure Accruals	(32,208)	5,951		1,219	
Encumbrances	56,072	12,830		63,535	
GAAP Basis	$175,646	$9,108	$6,350	($67,187)	$1,413

5. DEPOSITS AND INVESTMENTS

State statutes classify 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.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five-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.

5. DEPOSITS AND INVESTMENTS (Continued)

Interim monies are those monies that 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 or deposit 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 bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and

6. The State Treasurer's investment pool (STAR Ohio).

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 the 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.

5. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits - At fiscal year end, the carrying amount of the District's deposits was $3,081,753 and the bank balance was $3,385,911. Of the bank balance, $214,101 was covered by federal depository insurance and $3,171,810 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Depository Insurance Corporation.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2003 represent the collection of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed values as of January 1, 2002, the lien date.

Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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.

Public utility property tax revenues received in calendar year 2003 represent the collection of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien on December 31, 2001, were levied after April 1, 2002, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2003 (other than public utility property) represent the collection of calendar year 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2003, on the value as of December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 24 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

6. PROPERTY TAXES (Continued)

The District receives property taxes from Allen, Auglaize, and Logan Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2003, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003, was $52,265 in the General Fund, $997 in the ½ Mill Levy Special Revenue fund, $6,555 in the Bond Retirement fund, and $2,542 in the Permanent Improvement fund. The amount available as an advance at June 30, 2002, was $39,337 in the General Fund, $788 in the ½ Mill Levy Special Revenue fund, $5,603 in the Bond Retirement fund, and $1,932 in the Permanent Improvement fund.

Collectible delinquent property taxes have been recorded as a receivable and have been deferred.

The assessed values upon which fiscal year 2003 taxes were collected are:

	2002 Second-Half Collections		2003 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$32,430,980	92%	$33,542,450	92%
Public Utility	1,543,620	4%	1,745,580	5%
Tangible Personal	1,443,490	4%	1,267,230	3%
Total Assessed Value	$35,418,090	100%	$36,555,260	100%
Tax rate per $1,000 of assessed valuation	$42.67		$44.48	

7. INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The income tax was initially effective on January 1, 1997 and was renewed starting January 1, 2002, by a vote of the people for an additional five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

8. RECEIVABLES

Receivables at June 30, 2003, consisted of property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The Special Revenue and Enterprise Funds had intergovernmental receivables in the amount of $55,518 and $4,519, respectively.

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2003, follows:

Furniture and Equipment	$109,370
Less Accumulated Depreciation	(68,882)
Net Fixed Assets	$40,488

A summary of the changes in general fixed assets during fiscal year 2003 follows:

Asset Category	Balance at 6/30/02	Additions	Reductions	Balance at 6/30/03
Land and Improvements	$156,893	$131,909	$33,053	$255,749
Buildings and Improvements	4,903,030			4,903,030
Furniture and Equipment	1,290,862	153,199		1,444,061
Text and Library Books	232,356			232,356
Vehicles	449,137			449,137
Totals	$7,032,278	$285,108	$33,053	$7,284,333

10. RISK MANAGEMENT

A. Property and Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the District contracted for the following insurance coverages.

Property and fleet coverages provided by Indiana Insurance are as follows:

	Maximum Deductible	Coverage
Building and Contents - replacement cost (Includes boiler and machinery)	$5,000	$12,300,000
Commercial Auto/Business Auto	0	1,000,000
Musical Instruments	250	101,969
Audio Visual Equipment/Radios	250	9,976
Computers	500	605,000
Miscellaneous Scheduled Property	250	10,000

10. RISK MANAGEMENT (Continued)

Coverages provided through the Ohio School Plan by Harcum – Hyre Insurance are as follows:

General Liability	**Maximum Deductible**	**Coverage**
Per Occurrence	n/a	$1,000,000
Total per Year	n/a	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

B. Insurance Risk Pool

The District participates in the Mercer Auglaize Employee Benefit Trust (the Trust), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The District pays monthly premiums to the Trust for employee medical and dental insurance coverage.

The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program'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 Districts pay an enrollment fee to the Program to cover the costs of administering the program.

The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. 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 Program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program 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 Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control, and actuarial services to the Program.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board.

The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were $40,216, $28,618 and $18,685 respectively; 45 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

11. DEFINED BENEFIT PENSION PLANS (Continued)

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were $257,360, $171,128 and $161,439 respectively; 85 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were $17 and $0, made by the District and $15 and $1,787, made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System and have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2003, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POST RETIREMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

12. POST RETIREMENT BENEFITS (Continued)

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 law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2003, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, the amount to fund health care benefits equaled $19,622, during fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was $3,011 million at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002, net health care costs paid by STRS were $354,697,000, and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 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 2003, the minimum pay was established at $14,500. For the District, the amount to fund health care benefits, including the surcharge, was $44,606 for fiscal year 2003.

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 (the latest information available), were $182,946,777, 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. SERS has approximately 50,000 participants currently receiving health care benefits.

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for certified employees, 200 days for administrative employees, and 195 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused sick leave credit to a maximum of 46 days for certified and administrative employees, and 47 days for classified employees.

13. OTHER EMPLOYEE BENEFITS (Continued)

B. Health Care Benefits

The District provides medical and dental benefits to employees through the Mercer Auglaize Employee Benefit Trust. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. The District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

14. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2003 were as follows:

	Balance at 6/30/02	Additions	Reductions	Balance at 6/30/03
General Obligation Bonds:				
1995 School Improvement Bonds 5.85-8.25%	$230,000		$10,000	$220,000
1989 School Improvement Bonds 7.125%	540,000		45,000	495,000
Total General Obligation Bonds	770,000		55,000	715,000
Other Long-Term Obligations:				
1992 Asbestos Removal Loan	957		957	
Compensated Absences Payable	192,889	6,812		199,701
Intergovernmental Payable	29,025	33,305	29,025	33,305
Total Other Long-Term Obligations	222,871	40,117	29,982	233,006
Total General Long-Term Obligations	$992,871	$40,117	$84,982	$948,006

1995 School Improvement Bonds - On March 1,1995, the District issued $260,000 in voted general obligation bonds for a building addition. The bonds were issued for a twenty-four year period, with final maturity in fiscal year 2019. The bonds are being retired through the Bond Retirement debt service fund.

1989 School Improvement Bonds - On September 1, 1989, the District issued $1,033,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-three year period, with final maturity in fiscal year 2013. The bonds are being retired through the Bond Retirement debt service fund.

1992 Asbestos Removal Loan - In fiscal year 1992, the District obtained an interest free loan, in the amount of $53,457, for asbestos removal. The loan was issued for a ten-year period with final maturity in fiscal year 2003. The loan was retired through the Bond Retirement debt service fund.

1996 School Facilities Loan - In fiscal year 1996, the District received $2,309,966 for construction and improvements to its facilities under the State's "Classroom Facilities Program." Under this program the District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Generally, the District repays the State for its contribution by levying an additional property tax of one-half mill for a twenty-three year period.

14. LONG-TERM OBLIGATIONS (Continued)

The District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the $2,309,966 to the State because the District's adjusted valuation per pupil was less than the statewide median adjusted valuation per pupil. In lieu of the repayment, the District must set aside the funds that would have been used for repaying to the State for facilities maintenance. As part of the process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires.

If the District's adjusted valuation per pupil increases above the statewide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution. Based on the District's adjusted valuation relative to the statewide median adjusted valuation, this possibility appears remote.

Compensated absences and intergovernmental payables, representing the District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

Principal and interest requirements to retire general long-term obligations at June 30, 2003, were as follows:

Year Ending June 30,	Principal	Interest	Total
2004	$55,000	$47,429	$102,429
2005	60,000	43,219	103,219
2006	60,000	38,832	98,832
2007	60,000	34,564	94,564
2008	60,000	30,414	90,414
2009 – 2013	315,000	88,278	403,278
2014 – 2018	85,000	20,595	105,595
2019	20,000	630	20,630
Total	$715,000	$303,961	$1,018,961

The District's overall debt margin was $2,574,973, with an unvoted debt margin of $36,555 at June 30, 2003.

15. JOINTLY GOVERNED ORGANIZATIONS

A. Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Sonny Ivey, who serves as Director, 129 East Court Street, Sidney, Ohio 45365.

15. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the eleven participating school districts' elected boards. The degree of control exercised by the District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

C. Auglaize County Local Professional Development Committee

The Auglaize County Local Professional Development Committee (LPDC) was established to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The LPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The degree of control exercised by any participating school district is limited to its representation on the governing board. Financial information can be obtained from the Auglaize County Educational Service Center, who serves as fiscal agent, 1045 Dearbaugh Street, Wapakoneta, Ohio 45895.

D. West Central Ohio Regional Professional Development Center

The West Central Ohio Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

E. West Central Ohio Special Education Regional Resource Center

The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent of the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University.

The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Krista Hart, Hardin County Educational Service Center, 1211 West Lima Street, Suite A, Kenton, Ohio 43326-2385.

16. PUBLIC ENTITY RISK POOLS

A. Mercer Auglaize Employee Benefit Trust

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee, which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust. Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler; Schmidt, Long, and Associates, Inc.; 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), was established through the Ohio School Boards Association (OSBA) as 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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

C. Ohio School Plan

The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services.

The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative, which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

17. GRANTS

The District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 adverse effect on the overall financial position of the District at June 30, 2003.

18. SET ASIDE CALCULATIONS

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and instructional materials, capital improvements, and budget stabilization.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2002	($7,257)	($20,117)	$15,636
Current Year Set Aside Requirement	82,983	82,983	
Qualifying Expenditures	(101,372)	(125,327)	
Balance Carried Forward to Fiscal Year 2004	($25,646)	($62,461)	15,636
Reserve Balance June 30, 2003			$15,636

The District had qualifying expenditures during the year that reduced the textbooks and capital improvements set aside amounts below zero.

19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2003.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	$126,294	$16,185	$142,479
Depreciation Expense	2,039		2,039
Operating Income (Loss)	(39,572)	12,450	(27,122)
Federal Donated Commodities	6,115		6,115
Interest	372		372
Grants	41,084		41,084
Net Income (Loss)	7,999	12,450	20,449
Net Working Capital	12,933	13,674	26,607
Total Assets	77,028	13,674	90,702
Total Liabilities	23,607		23,607
Total Equity	53,421	13,674	67,095

20. 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.

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Auditor of State
Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Waynesfield Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

To the Board of Education:

We have audited the financial statements of the Waynesfield Goshen Local School District, Auglaize County, (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated January 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 12, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-002.

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**Internal Control Over Financial Reporting
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management, the audit committee, and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Betty Montgomery

Betty Montgomery
Auditor of State

January 12, 2004

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

FINDING NUMBER 2003-001

Negative Cash Balances

Ohio Rev. Code Section 5705.10 states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The District had negative cash fund balances at year end as follows:

the Title VI-B Fund had a negative cash fund balance of $29,407;
the Title I Fund had a negative cash fund balance of $8,719; and
the Drug Free Fund had a negative cash fund balance of $481

The total amount of the negative balances represents approximately 40 percent of the special revenue funds cash balance that would have been available for expenditure. The District should develop procedures to assess the cash flow needs of each fund and to identify conditions that may potentially result in a negative cash fund balance. Money should be advanced or transferred into those funds that are likely to have a negative cash fund balance. Reference may be made to Audit Bulletin 97-003 for guidance regarding the accounting treatment of advances.

FINDING NUMBER 2003-002

Fixed Asset Accounting System Accuracy

The fixed asset accounting system has not been updated for several years and does not currently support the amounts reported as general fixed assets. Annually, the Treasurer provides the District's employees with an inventory location worksheet listing all of the fixed assets recorded in the accounting system that are located in the particular classrooms, offices, or department areas. The employees will review the listing and will confirm the existence of the items on the listing, add items needed, or indicate if an item has been removed or disposed of during the fiscal year. These changes are not made to the fixed asset accounting system on a consistent basis. There was approximately $2,234,946 in adjustments made to the system after year end to report assets not previously recorded by the District. The fixed asset system totals did not agree to the amounts as audited and reported.

By not properly updating the system on a timely basis, assets could be incorrectly reported on the financial statements, and could be disposed of, or diverted for personal use without detection.

The District should implement procedures to update the fixed asset accounting system on a regular basis, perhaps quarterly, to ensure the proper use and reporting of fixed assets owned by the District.

WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2003

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Plan Taken; or No Longer Valid; Explain
2002-10206-001	Ohio Rev. Code 5705.10	No	Not Corrected
2002-10206-002	Ohio Rev. Code 5705.41(B)	Yes	
2002-10206-003	Ohio Rev. Code 5705.41(D)	No	Partially corrected*
2002-10206-004	Ohio Rev. Code 5705.412	Yes	
2002-10206-005	Monitoring Budget vs. Actual Activity	Yes	

* Due to improvements in procedures, these citations are now reported in the management letter.

Auditor of State
Betty Montgomery

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WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT

AUGLAIZE 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
MARCH 4, 2004