

WICKLIFFE CITY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 1999

TUNTI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

WICKLIFFE CITY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 1999

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Education
Wickliffe City School District

We have reviewed the independent auditor's report of the Wickliffe City School District, Lake County, prepared by Ciuni & Panichi, Inc. for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

January 5, 2000

Report of Independent Accountants

Board of Education
Wickliffe City School District
Wickliffe, Ohio

We have audited the accompanying general-purpose financial statements of the Wickliffe City School District as of and for the year ended June 30, 1999, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wickliffe City School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 1999 on our consideration of the Wickliffe City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Ciuni & Panichi, Inc.

Cleveland, Ohio
November 10, 1999

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
\$ 32,269	\$ 1,865	\$ 116,501	\$ -	\$ -	\$ 6,540,576
-	-	-	-	-	11,857,037
160	88	470	-	-	19,959
-	-	-	-	-	17,051
10,348	355,453	-	-	-	369,518
-	-	-	-	-	287,574
13,797	-	-	-	-	87,180
-	-	-	-	-	15,635
22,069	378	-	7,091,909	-	7,114,356
-	-	-	-	125,046	125,046
-	-	-	-	3,012,668	3,012,668
<u>\$ 78,643</u>	<u>\$ 357,784</u>	<u>\$ 116,971</u>	<u>\$ 7,091,909</u>	<u>\$ 3,137,714</u>	<u>\$ 29,446,600</u>

(Continued)

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

JUNE 30, 1999

<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities</u>				
Accounts Payable	\$ 131,307	\$ 18,455	\$ -	\$ 5,911
Accrued Wages and Benefits	1,151,142	31,820	-	-
Accrued Compensated Absences	249,926	1,516	-	-
Due to Other Governments	31,633	869	-	-
Interfund Payable	-	14,752	-	-
Deferred Revenue	10,756,756	-	206,409	-
Due to Students	-	-	-	-
Accrued Pension and Surcharges	221,120	5,125	-	-
General Obligation Bonds Payable	-	-	-	-
Total Liabilities	12,541,884	72,537	206,409	5,911
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balance:				
Reserved for Encumbrances	395,035	71,169	-	48,833
Reserved for Inventory	73,383	-	-	-
Reserved for Prepaid Items	15,198	437	-	-
Reserved for Future Appropriations	656,796	-	14,182	-
Reserved for Budget Stabilization	204,137	-	-	-
Unreserved - Undesignated	2,421,481	159,193	125,046	1,651,948
Total Fund Equity and Other Credits	3,766,030	230,799	139,228	1,700,781
Total Liabilities, Fund Equity and Other Credits	\$ 16,307,914	\$ 303,336	\$ 345,637	\$ 1,706,692

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	
\$ 4,309	\$ -	\$ -	\$ -	\$ -	\$ 159,982
12,297	52,594	-	-	-	1,247,853
7,968	213	-	-	888,743	1,148,366
338	1,442	-	-	-	34,282
-	272,822	-	-	-	287,574
-	-	-	-	-	10,963,165
-	-	3,382	-	-	3,382
14,424	7,456	-	-	1,310	249,435
-	-	-	-	2,247,661	2,247,661
<u>39,336</u>	<u>334,527</u>	<u>3,382</u>	<u>-</u>	<u>3,137,714</u>	<u>16,341,700</u>
-	-	-	7,091,909	-	7,091,909
2,196	-	-	-	-	2,196
37,111	23,257	6,029	-	-	66,397
-	-	798	-	-	515,835
-	-	-	-	-	73,383
-	-	-	-	-	15,635
-	-	-	-	-	670,978
-	-	-	-	-	204,137
-	-	106,762	-	-	4,464,430
<u>39,307</u>	<u>23,257</u>	<u>113,589</u>	<u>7,091,909</u>	<u>-</u>	<u>13,104,900</u>
\$ <u>78,643</u>	\$ <u>357,784</u>	\$ <u>116,971</u>	\$ <u>7,091,909</u>	\$ <u>3,137,714</u>	\$ <u>29,446,600</u>

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 1999

	<u>General</u>	<u>Special Revenue</u>
<u>Revenues</u>		
From Local Sources:		
Restricted Grant-In-Aid	\$ 871	\$ 235,412
Taxes	11,374,900	-
Tuition	155,696	2,554
Earnings on Investments	314,360	10,187
Food Service	-	816
Extracurricular Activities	-	91,988
Classroom Activities	42,735	-
Miscellaneous	105,441	26,508
From Intermediate Sources:		
Restricted Grant-In-Aid	11,112	3,450
From State Sources:		
Unrestricted Grant-In-Aid	2,721,721	-
State Receipts	21,865	459,828
Revenue on Behalf of District	<u>25,057</u>	<u>-</u>
Total Revenues	14,773,758	830,743
<u>Expenditures</u>		
Instruction:		
Regular	6,006,690	49,548
Special	766,485	53,981
Other	523,810	1,680
Supporting Services:		
Pupils	657,093	65,398
Instructional Staff	243,669	71,508
Board of Education	117,215	-
Administration	1,108,432	37,492
Fiscal Services	433,982	-
Business	119,546	-
Operations and Maintenance - Plant	1,404,490	-
Pupil Transportation	900,058	-
Central Services	198,913	11,732
Food Service Operations	206	-
Community Services	9,268	457,793
Extracurricular Activities:		
Student Productions	20,270	28,528
Sport Activities	232,108	95,152
Co-curricular Activities	20,827	3,214

See Accompanying Notes to the General Purpose Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ -	\$ 236,283
216,262	-	-	11,591,162
-	-	100	158,350
-	-	7,570	332,117
-	-	1,737	2,553
-	-	912	92,900
-	-	-	42,735
-	-	8,005	139,954
-	-	-	14,562
1,548	-	-	2,723,269
-	40,029	-	521,722
-	-	-	25,057
<u>217,810</u>	<u>40,029</u>	<u>18,324</u>	<u>15,880,664</u>
-	207,169	-	6,263,407
-	-	-	820,466
-	-	-	525,490
-	-	-	722,491
-	-	-	315,177
-	-	-	117,215
-	-	-	1,145,924
-	-	-	433,982
-	-	-	119,546
-	97,274	-	1,501,764
-	-	-	900,058
-	-	-	210,645
-	-	-	206
-	-	9,037	476,098
-	-	-	48,798
-	-	-	327,260
-	-	-	24,041

(Continued)

WICKLIFFE CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 1999

	<u>General</u>	<u>Special Revenue</u>
Capital Outlay:		
Property Assessments	6,748	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
	<hr/>	<hr/>
Total Expenditures	<u>12,769,810</u>	<u>876,026</u>
Excess of Revenues Over (Under) Expenditures	2,003,948	(45,283)
<u>Other Financing Sources (Uses)</u>		
Sale of Assets	1,922	-
Transfers-In	123,002	58,314
Refund of Prior Year Expenditures	200,830	-
Transfers - Out	(655,988)	-
Refund of Prior Year Receipts	-	(4,864)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	<u>(330,234)</u>	<u>53,450</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,673,714	8,167
Fund Balances, Beginning of Year, as Restated	2,107,614	222,632
Decrease in Reserve for Inventory	<u>(15,298)</u>	<u>-</u>
Fund Balances, End of Year	\$ <u>3,766,030</u>	\$ <u>230,799</u>

See Accompanying Notes to the General Purpose Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Total (Memorandum Only)</u>
-	-	-	6,748
238,458	-	-	238,458
<u>134,447</u>	<u>-</u>	<u>-</u>	<u>134,447</u>
<u>372,905</u>	<u>304,443</u>	<u>9,037</u>	<u>14,332,221</u>
(155,095)	(264,414)	9,287	1,548,443
-	-	-	1,922
133,040	-	-	314,356
-	-	-	200,830
-	(53,273)	-	(709,261)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,864)</u>
<u>133,040</u>	<u>(53,273)</u>	<u>-</u>	<u>(197,017)</u>
(22,055)	(317,687)	9,287	1,351,426
161,283	2,018,468	98,273	4,608,270
<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,298)</u>
<u>\$ 139,228</u>	<u>\$ 1,700,781</u>	<u>\$ 107,560</u>	<u>\$ 5,944,398</u>

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
From Local Sources:			
Taxes	\$ 9,080,411	\$ 11,154,994	\$ 2,074,583
Tuition	146,653	180,158	33,505
Earnings on Investments	256,163	314,688	58,525
Classroom Materials and Fees	33,283	40,887	7,604
Miscellaneous	76,754	94,290	17,536
From Intermediate Sources:			
Restricted Grant-in-Aid	9,754	11,983	2,229
From State Sources:			
Unrestricted Grant-in-Aid	<u>2,253,737</u>	<u>2,768,643</u>	<u>514,906</u>
Total Revenues	<u>11,856,755</u>	<u>14,565,643</u>	<u>2,708,888</u>
<u>Expenditures</u>			
Instruction:			
Regular	6,105,755	6,105,755	-
Special	786,891	786,891	-
Vocational Education	12,797	12,797	-
Other	774,438	774,438	-
Supporting Services:			
Pupil	668,778	668,778	-
Instructional Staff	244,580	244,580	-
Board of Education	106,247	106,247	-
Administration	1,120,711	1,120,711	-
Fiscal Services	432,792	432,792	-
Business	162,942	162,942	-
Operation and Maintenance - Plant	1,571,643	1,571,643	-
Pupil Transportation	900,656	900,656	-
Central Services	179,343	179,343	-
Community Services	9,268	9,268	-
Extracurricular Activities:			
Student Productions	20,270	20,270	-
Sports Activities	232,646	232,646	-
Co-Curricular Activities	20,827	20,827	-
Capital Outlay	6,748	6,748	-
Contingencies	<u>80,054</u>	<u>80,054</u>	<u>-</u>
Total Expenditures	<u>13,437,386</u>	<u>13,437,386</u>	<u>-</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Excess of Revenues Over (Under) Expenditures	(1,580,631)	1,128,257	2,708,888
<u>Other Financing Sources (Uses)</u>			
Sale of Assets		1,922	1,922
Transfers - In	123,002	123,002	-
Advances - In	298,623	298,623	-
Refund of Prior Year Expenditures	-	185,687	185,687
Transfers - Out	(655,988)	(655,988)	-
Advances - Out	(239,548)	(239,548)	-
Total Other Financing Sources	(473,911)	(286,302)	187,609
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,054,542)	841,955	2,896,497
Cash Fund Balance, Beginning of Year	2,892,482	2,892,482	-
Cash Fund Balance, End of Year:			
Unreserved	837,940	3,734,437	2,896,497
Encumbrances at Year End	526,746	526,746	-
Total Cash Fund Balance, End of Year	\$ <u>1,364,686</u>	\$ <u>4,261,183</u>	\$ <u>2,896,497</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

	Special Revenue Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
From Local Sources:			
Earnings on Investments	\$ 7,748	\$ 10,187	\$ 2,439
Food Services	621	816	195
Miscellaneous	21,053	27,682	6,629
Extracurricular Activities	70,556	92,772	22,216
From Intermediate Sources:			
Restricted Grant-In-Aid	2,624	3,450	826
From State Sources:			
State Receipts	349,713	459,828	110,115
From Federal Sources:			
Restricted Grant-In-Aid	179,038	235,412	56,374
Total Revenues	631,353	830,147	198,794
<u>Expenditures</u>			
Instruction:			
Regular	72,063	72,063	-
Special	64,068	64,068	-
Supporting Services:			
Pupil	69,335	69,335	-
Instructional Staff	69,424	69,424	-
Administration	36,721	36,721	-
Central Services	14,865	14,865	-
Community Services	504,144	504,144	-
Extracurricular Activities:			
Student Productions	11,173	11,173	-
Occupation	50	50	-
Sports Activities	118,725	118,725	-
Co-Curricular Activities	3,214	3,214	-
Total Expenditures	963,782	963,782	-
Excess of Revenues Over (Under) Expenditures	(332,429)	(133,635)	198,794

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Special Revenue Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses)</u>			
Advances - In	5,507	5,507	-
Transfers - In	58,314	58,314	-
Advances - Out	(10,986)	(10,986)	-
Refund of Prior Year Receipts	(4,864)	(4,864)	-
Total Other Financing Sources	<u>47,971</u>	<u>47,971</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(284,458)	(85,664)	198,794
Cash Fund Balance, Beginning of Year	<u>296,048</u>	<u>296,048</u>	<u>-</u>
Cash Fund Balance, End of Year:			
Unreserved	11,590	210,384	198,794
Reserved for Encumbrances	<u>-</u>	<u>89,624</u>	<u>89,624</u>
Total Cash Fund Balance, End of Year	<u>\$ 11,590</u>	<u>\$ 300,008</u>	<u>\$ 288,418</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

	Debt Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
From Local Sources:			
Taxes	\$ 235,848	\$ 213,887	\$ (21,961)
From State Sources:			
Unrestricted Grant-In-Aid	-	1,548	1,548
Total Revenues	235,848	215,435	(20,413)
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	238,458	238,458	-
Interest and Fiscal Charges	134,447	134,447	-
Total Expenditures	372,905	372,905	-
Excess of Revenues Over (Under) Expenditures	(137,057)	(157,470)	(20,413)
<u>Other Financing Sources</u>			
Transfers - In	-	133,040	133,040
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(137,057)	(24,430)	112,627
Cash Fund Balance, Beginning of Year	146,488	146,488	-
Cash Fund Balance, End of Year:			
Unreserved	9,431	122,058	112,627
Total Cash Fund Balance, End of Year	\$ 9,431	\$ 122,058	\$ 112,627

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 1999

	Capital Projects Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
From State Sources:			
State Receipts	\$ 30,590	\$ 45,191	\$ 14,601
Expenditures			
Instruction:			
Regular	286,989	286,989	-
Supporting Services:			
Instructional Staff	805	805	-
Operation and Maintenance Plant	155,222	155,222	-
Total Expenditures	443,016	443,016	-
Excess of Revenues Under Expenditures	(412,426)	(397,825)	14,601
Other Financing Sources (Uses)			
Sale of Assets	-	200,000	200,000
Transfers - Out	(53,273)	(53,273)	-
Total Other Financing Sources	(53,273)	146,727	200,000
Excess of Revenues and Other Financing Sources Over Expenditures	(465,699)	(251,098)	214,601
Cash Fund Balance, Beginning of Year	1,903,046	1,903,046	-
Cash Fund Balance, End of Year:			
Unreserved	1,437,347	1,651,948	214,601
Reserved for Encumbrances	-	54,744	54,744
Total Cash Fund Balance, End of Year	\$ 1,437,347	\$ 1,706,692	\$ 269,345

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Non- Expendable Trust</u>	<u>Total (Memorandum Only)</u>
<u>Operating Revenues</u>				
Tuition	\$ 9,045	\$ 278,124	\$ -	\$ 287,169
Food Services	196,593	-	-	196,593
Extracurricular Activities	1,943	810	-	2,753
Classroom Materials and Fees	-	56	-	56
Miscellaneous	<u>29,253</u>	<u>-</u>	<u>-</u>	<u>29,253</u>
Total Operating Revenues	236,834	278,990	-	515,824
<u>Operating Expenses</u>				
Salaries and Wages	203,343	389,331	541	593,215
Fringe Benefits	64,062	111,205	-	175,267
Contractual Supplies	5,435	28,642	-	34,077
Materials and Supplies	108,559	7,873	-	116,432
Depreciation Expense	<u>5,879</u>	<u>125</u>	<u>-</u>	<u>6,004</u>
Total Operating Expenses	<u>387,278</u>	<u>537,176</u>	<u>541</u>	<u>924,995</u>
Operating Loss	(150,444)	(258,186)	(541)	(409,171)
<u>Non-Operating Revenues (Expenses)</u>				
State Sources:				
Unrestricted Grants-In-Aid	3,463	-	-	3,463
Federal Sources:				
Unrestricted Grants-In-Aid	75,762	-	-	75,762
Refund of Prior Year Expenses	10,348	-	-	10,348
Miscellaneous	<u>(10,028)</u>	<u>-</u>	<u>-</u>	<u>(10,028)</u>
Total Non-Operating Revenues	<u>79,545</u>	<u>-</u>	<u>-</u>	<u>79,545</u>
Net Loss Before Operating Transfer	(70,899)	(258,186)	(541)	(329,626)
Operating Transfers - In	<u>101,625</u>	<u>287,600</u>	<u>-</u>	<u>389,225</u>
Net Income (Loss)	30,726	29,414	(541)	59,599
<u>Retained Earnings (Deficit),</u>				
Beginning of Year	<u>6,385</u>	<u>(6,157)</u>	<u>6,570</u>	<u>6,798</u>
Retained Earnings, End of Year	\$ <u>37,111</u>	\$ <u>23,257</u>	\$ <u>6,029</u>	\$ <u>66,397</u>

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Non- Expendable Trust</u>	<u>Total (Memorandum Only)</u>
<u>Increase And Decrease In Cash And Cash Equivalents</u>				
<u>Cash Flows From Operating Activities</u>				
Cash Received from Customers	\$ 237,585	\$ 277,419	\$ -	\$ 515,004
Cash Payments for Personal Services	(273,060)	(501,117)	(541)	(774,718)
Cash Payments for Contractual Services	(1,126)	(28,642)	-	(29,768)
Cash Payments to Vendors for Supplies and Materials	<u>(117,173)</u>	<u>(7,871)</u>	<u>-</u>	<u>(125,044)</u>
Net Cash Used In Operating Activities	<u>(153,774)</u>	<u>(260,211)</u>	<u>(541)</u>	<u>(414,526)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Unrestricted Grants-in-Aid	79,225	-	-	79,225
Transfer from Other Funds	101,625	287,600	-	389,225
Advances from Other Funds	-	234,040	-	234,040
Advances to Other Funds	<u>(1,044)</u>	<u>(268,370)</u>	<u>-</u>	<u>(269,414)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>179,806</u>	<u>253,270</u>	<u>-</u>	<u>433,076</u>
<u>Cash Flows from Capital And Related Financing Activities</u>				
Acquisition of Capital Assets	<u>(11,158)</u>	<u>-</u>	<u>-</u>	<u>(11,158)</u>
<u>Cash Flows From Investing Activities</u>				
Earnings on Investments	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,874	(6,941)	(353)	7,580
Cash and Cash Equivalents at Beginning of Year	<u>17,395</u>	<u>8,806</u>	<u>6,382</u>	<u>32,583</u>
Cash and Cash Equivalents at End of Year	\$ <u>32,269</u>	\$ <u>1,865</u>	\$ <u>6,029</u>	\$ <u>40,163</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 1999

	Enterprise Funds	Internal Service Funds	Non- Expendable Trust	Total (Memorandum Only)
<u>Reconciliation of Operating</u>				
<u>Loss to Net Cash From</u>				
<u>Operating Activities</u>				
Operating Loss	\$ (150,444)	\$ (258,186)	\$ (541)	\$ (409,171)
Adjustments to Reconcile				
Operating Loss to Net				
Cash Used from Operating				
Activities:				
Depreciation	5,879	125	-	6,004
(Increase) Decrease in Assets:				
Accounts and Other				
Receivables	751	(1,569)	-	(818)
Inventories	(8,614)	-	-	(8,614)
Increase (Decrease) in				
Liabilities:				
Accounts and Other				
Payables	4,309	(1,490)	-	2,819
Accrued Salaries and				
Benefits Payable	(3,714)	2,152	-	(1,562)
Accrued Compensated				
Absences	(718)	79	-	(639)
Accrued Pension	(1,104)	(1,327)	-	(2,431)
Due to Other				
Governments	(119)	5	-	(114)
Net Cash Used in				
Operating Activities	\$ <u>(153,774)</u>	\$ <u>(260,211)</u>	\$ <u>(541)</u>	\$ <u>(414,526)</u>

See Accompanying Notes to the General Purpose Financial Statements

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE REPORTING ENTITY

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

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

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

The District presents its financial statements for the fiscal year ending June 30, 1999 on the basis of fund and accounts groups, as described in Note 1B.

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

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

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

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. THE REPORTING ENTITY (CONTINUED)

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

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

B. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Funds

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

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

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

Account Groups

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

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

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

C. BASIS OF ACCOUNTING

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

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

Property tax receivables and revenues are susceptible to accrual if the date upon which the taxes are levied falls on or before June 30, 1999. Such revenue is to be recognized in the year for which it is levied or the year in which it is available for appropriation, provided it is available. Property taxes are considered available if they are due, or past due and received within the available period, and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes not considered available are deferred.

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

D. BUDGETS AND BUDGETARY ACCOUNTING

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

Budget

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

D. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Estimated Resources

The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations

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

Encumbrances

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

Lapse of Encumbrances

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

E. POOLED CASH AND CASH EQUIVALENTS

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

During fiscal year 1999, investments were limited to the State Treasury Asset Reserve of Ohio ("STAROhio") and federal agency securities.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

E. POOLED CASH AND CASH EQUIVALENTS (CONTINUED)

The District has invested funds in STAROhio during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

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 1999 amounted to \$314,688, which includes \$114,137 assigned from other School District funds.

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

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

G. INVENTORY OF SUPPLIES

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

H. FIXED ASSETS

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

H. FIXED ASSETS (CONTINUED)

GENERAL FIXED ASSETS

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

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

PROPRIETARY FUND FIXED ASSETS

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

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

CAPITALIZATION OF INTEREST

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

I. INTERGOVERNMENTAL REVENUES

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when earned. This District currently participates in various state and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program Fund

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

I. INTERGOVERNMENTAL REVENUES (CONTINUED)

Special Revenue Funds
Eisenhower Grant Fund

Non-Reimbursable Grants

Special Revenue Funds
Textbook Instructional Fund
Title VI
Preschool Disabilities Fund
Preschool Grant
Title I ECIA Fund
Title VI-B Preschool Fund
Drug Free Schools Fund
Continuous Improvement
Auxiliary Service Fund
Disadvantaged Pupil Impact Aid
Local Professional Development Fund
Educational Management Information Systems Fund
Conflict Management Fund

Reimbursable Grants

General Fund
School Bus Purchase Reimbursement Fund
Driver Education Reimbursement Fund

Proprietary

National School Lunch Program Fund

J. COMPENSATED ABSENCES

In conformity with GASB Statement No. 16, the School District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. Likewise, the School District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the pay rates in effect at June 30, 1999. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued.

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

K. INTERFUND TRANSACTIONS

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

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

L. FUND BALANCE RESERVES

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

M. TOTAL COLUMNS ON COMBINED STATEMENTS

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

N. ACCOUNTING AND FINANCIAL REPORTING FOR PROPRIETARY FUNDS

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Deposits

At year end, the carrying amount of the District's pooled deposits was \$733,412 and the bank balance was \$487,541. Of the bank balance, \$269,876 was covered by federal depository insurance. \$217,665 was uninsured and uncollateralized. Although securities serving as collateral were held by the pledging institution in the pledging institutions name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments

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

<u>Description</u>	<u>Risk Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Investment in Federal Home Loan Mortgage Corp.			X	\$ 1,984,533	\$ 1,984,533
STAROhio*				<u>3,822,631</u>	<u>3,822,631</u>
Total Investments				\$ <u>5,807,164</u>	\$ <u>5,807,164</u>

* Noncategorized

NOTE 3 - PROPERTY TAXES

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 3 - PROPERTY TAXES (CONTINUED)

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

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

The full tax rate applied to real property for the fiscal year ended December 31, 1998 was \$60.01 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$31.22 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$44.29 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

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

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of the current calendar year. The tax rate applied to tangible personal property for the fiscal year ended December 31, 1998 was \$60.01 per \$1,000 of assessed valuation. Pertinent tangible personal property tax dates are:

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

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

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

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

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

Real Property	\$ 221,932,310
Tangible Personal Property	65,801,472
Public Utility Personal Property	<u>14,687,000</u>
Total Valuation	\$ <u>302,420,782</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 3 - PROPERTY TAXES (CONTINUED)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) available to finance current year operations. The net receivable (total receivable less amount available to finance the current year) is therefore offset by a credit to deferred revenue. The amount available as an advance at June 30, 1999, was \$876,702 in the General Fund and \$17,170 in the Bond Retirement Debt Service Fund.

NOTE 4 - OPERATING TRANSFERS

Following is a summary of operating transfers for all funds for June 30, 1999:

<u>Fund</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
General	\$ 123,002	\$ 655,988
Special Revenue	58,314	-
Debt Service	133,040	-
Capital Projects	-	53,273
Enterprise	101,625	-
Internal Service	287,600	-
Agency	5,680	-
Total All Funds	\$ <u>709,261</u>	\$ <u>709,261</u>

NOTE 5 - FIXED ASSETS

A. GENERAL FIXED ASSETS

Changes in general fixed assets during fiscal year 1999 were as follows:

	<u>Balance at July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 1999</u>
Land and Land Improvements	\$ 197,306	\$ -	\$ -	\$ 197,306
Buildings and Building Improvements	3,794,010	38,625	1,478,592	2,354,043
Furniture, Fixtures and Equipment	2,730,874	371,898	185,521	2,917,251
Textbooks and Library Volumes	738,968	-	-	738,968
Vehicles	944,425	2,300	62,384	884,341
Total	\$ <u>8,405,583</u>	\$ <u>412,823</u>	\$ <u>1,726,497</u>	\$ <u>7,091,909</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 5 - FIXED ASSETS (CONTINUED)

B. FUND FIXED ASSETS

All Enterprise Fund fixed assets relate to the Food Service Fund. The balance as of June 30, 1999 was as follows:

Furniture, Fixtures and Equipment	\$ 120,151
Less: Accumulated Depreciation	<u>(98,082)</u>
Fixed Assets Net of Accumulated Depreciation	<u>\$ 22,069</u>

All Internal Service Fund Fixed Assets relate to the Rotary Special Education Excess Cost Fund. The balance as of June 30, 1999 was as follows:

Furniture, Fixtures and Equipment	\$ 628
Less: Accumulated Depreciation	<u>(250)</u>
Fixed Assets Net of Accumulated Depreciation	<u>\$ 378</u>

NOTE 6 - OUTSTANDING DEBT

A. BONDED DEBT

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

Bonded debt activity for the year ended June 30, 1999 is as follows:

<u>General Obligation Bonds</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 6/30/98</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/99</u>
Library Improvements	12/01/06	5.46%	\$ 835,000	\$ -	\$ 75,000	\$ 760,000
Library Improvements	12/01/06	5.50%	855,000	-	75,000	780,000
Energy Conservation Improvements	06/01/07	5.60%	<u>796,119</u>	<u>-</u>	<u>88,458</u>	<u>707,661</u>
Total General Obligation Bonds			<u>\$ 2,486,119</u>	<u>\$ -</u>	<u>\$ 238,458</u>	<u>\$ 2,247,661</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 6 - OUTSTANDING DEBT (CONTINUED)

A. BONDED DEBT (CONTINUED)

Principal and interest requirements to retire the long-term debt obligation outstanding at June 30, 1999 were as follows:

<u>Year</u>	<u>Amount</u>
2000	\$ 369,620
2001	361,154
2002	357,231
2003	347,823
2004	342,928
2005-2007	<u>993,159</u>
Totals	\$ <u>2,771,915</u>

B. OTHER LONG-TERM OBLIGATIONS

During the year ended June 30, 1999, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	<u>Balance at July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 1999</u>
Benefit Obligations	\$ 1,344,252	\$ -	\$ 455,509	\$ 888,743
Accrued Pension and Surcharges	<u>1,123</u>	<u>187</u>	<u>-</u>	<u>1,310</u>
Total	\$ <u>1,345,375</u>	\$ <u>187</u>	\$ <u>455,509</u>	\$ <u>890,053</u>

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 7 - COMPENSATED ABSENCES

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

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave to a maximum payout of 50 days.

At June 30, 1999 the current amount of unpaid compensated absences, in all funds except for the Proprietary Funds, and the balance of the liability in the General Long-Term Obligation Account Group were \$251,442 and \$888,743, respectively. The liability for compensated absences in the Proprietary Funds at June 30, 1999 was \$8,181.

NOTE 8 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

Segment information for the Enterprise Funds is summarized as follows:

For the Year Ended	Food Service	Summer School	Adult Education	School Store	Latch Key Program	Total
<u>June 30, 1999:</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Operating Revenues	\$ 196,593	\$ 9,045	\$ -	\$ 1,943	\$ 29,253	\$ 236,834
Depreciation Expense	5,879	-	-	-	-	5,879
Operating Income (Loss)	(157,899)	4,696	-	247	2,512	(150,444)
Operating Transfers - In	101,625	-	-	-	-	101,625
Net Income	23,271	4,696	-	247	2,512	30,726
<u>As of June 30, 1999:</u>						
Cash Provided (Used) From						
Operating Activities	(158,040)	1,219	-	29,788	(26,741)	(153,774)
Net Working Capital	338	15,291	178	(242)	1,673	17,238
Total Assets	59,206	15,291	178	2,295	1,673	78,643
Total Fund Equity	22,970	15,774	178	(1,194)	1,579	39,307

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 9 - RETIREMENT PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Wickliffe City School District contributes to the School Employee Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employee Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$161,691, \$182,795 and \$177,332, respectively; 100 percent has been contributed for fiscal years 1999, 1998, and 1997.

B. STATE TEACHERS RETIREMENT SYSTEM

The Wickliffe City School 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 and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes 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.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Wickliffe City School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 10.5 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 employees. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$383,627, \$635,070, and \$556,437, respectively; 100 percent has been contributed for fiscal years 1999, 1998, and 1997.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 10 - POSTEMPLOYMENT BENEFITS

STATE EMPLOYEES RETIREMENT SYSTEM

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate is 6.3 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go-basis. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 was \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000. For the year ended June 30, 1999, the District contributed \$132,292 to fund post-employment benefits.

STATE TEACHERS RETIREMENT SYSTEM

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

The RC grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 11 - HEALTH CARE BENEFITS

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

NOTE 12 - RISK MANAGEMENT

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

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

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - All Governmental Fund Types			
<u>Projects</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 1,673,714	\$ 8,167	\$ (22,055)	\$ (317,687)
<u>Increase (Decrease) Due to</u>				
Revenue accruals	75,365	4,913	(2,375)	205,162
Expenditure accruals	(380,378)	(9,120)	-	(83,829)
Encumbrances	<u>(526,746)</u>	<u>(89,624)</u>	<u>-</u>	<u>(54,744)</u>
Budget Basis	\$ <u>841,955</u>	\$ <u>(85,664)</u>	\$ <u>(24,430)</u>	\$ <u>(251,098)</u>

NOTE 14 - SCHOOL FOUNDATION PROGRAM

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program," which provides significant monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$1,611,049 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State Legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of these financial statements, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Court of Common Pleas declared unconstitutional.

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

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 15 - YEAR 2000 ISSUE

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the School District's operations.

The School District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting School District operations. The School District has identified these systems as being financial reporting, payroll and employee benefits, and educational statistics reporting.

The School District uses the State of Ohio Uniform School Accounting system software for its financial reporting, and the State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

The State processes a significant amount of financial and non-financial information about the School District through the State's Education Management and Information System (EMIS). Further, the State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" and federal and state grant payments. The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

Lake County collects property taxes for distribution to the School District. The County is responsible for remediating the tax collection system and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is, or will be, year 2000 ready; that the School District's remediation efforts will be successful in whole or in part; or that parties with whom the School District does business will be year 2000 ready.

NOTE 16 - RESERVATIONS OF FUND BALANCE

The School 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. In addition, the School District is required to set aside money for budget stabilization to protect against cyclical changes in revenues and expenditures.

WICKLIFFE CITY SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 16 - RESERVATIONS OF FUND BALANCE (CONTINUED)

The following cash basis information identifies the changes in fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Total</u>
Balance June 30, 1998	\$ -	\$ -	\$ 79,137	\$ 79,137
Current Year Set Aside Requirement	247,393	247,393	125,000	619,786
Offset Credits	(23,000)	(200,000)	-	(223,000)
Qualifying Expenditures	<u>(224,393)</u>	<u>(47,393)</u>	<u>-</u>	<u>(271,786)</u>
Balance June 30, 1999	\$ <u>-</u>	\$ <u>-</u>	\$ <u>204,137</u>	\$ <u>204,137</u>

Amounts of qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

NOTE 17 - RESTATEMENT OF PRIOR YEAR FUND BALANCE

On November 1, 1996, the School District entered into an agreement for the sale of Worden School to the City of Wickliffe. A secured promissory note was executed which called for three installments, \$325,000 at the execution of the agreement, \$225,000 on July 1, 1997 and \$200,000 on July 1, 1998. As a result, the following adjustment has been made to restate the July 1, 1998 fund balance for the related note receivable.

	<u>Capital Projects Fund</u>
Fund Balance, as of June 30, 1998	\$ 1,818,468
Adjustment for Note Receivable	<u>200,000</u>
Fund Balance, as of July 1, 1998, as Restated	\$ <u>2,018,468</u>

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

Board of Education
Wickliffe City School District
Wickliffe, Ohio

We have audited the financial statements of the Wickliffe City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated November 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wickliffe City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of Wickliffe City School District in a separate letter dated November 10, 1999.

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
November 10, 1999

WICKLIFFE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

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

Not applicable.

3. FINDINGS

Not applicable.

WICKLIFFE CITY SCHOOL DISTRICT

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 1999

There were no prior audit findings.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140
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WICKLIFFE CITY SCHOOL DISTRICT
LAKE COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JAN 18 2000