

**WINDHAM EXEMPTED VILLAGE
SCHOOL DISTRICT**

ANNUAL REPORT

YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Windham Exempted Village School District
9530 Bauer Avenue
Windham, OH 44288

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

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

JIM PETRO
Auditor of State

November 27, 2001

This Page is Intentionally Left Blank.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Elected Officials	(i)
Administrative Personnel	(ii)
Index of Funds	(iii)
Independent Auditors' Report	1
Combined Balance Sheet All Fund Types and Account Groups	2-3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) – All Governmental Fund Types	5
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance Proprietary Fund Type and Similar Trust Fund	6
Combined Statement of Cash Flows, Proprietary Fund Type and Nonexpendable Trust Fund	7
Notes to the Financial Statements	8-45
Schedule of Federal Financial Assistance	46
Notes to Schedule of Federal Awards Expenditures	47
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	48-49
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .	50-51
Schedule of Findings and Questioned Costs	52

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 2001**

NAME	TITLE	TERM OF OFFICE
Laura Stanley	President	1/1/98-12/31/01
Terri Attiere	Vice-President	1/1/98-12/31/01
Marilyn John	Member	1/1/98-12/31/01
Darryl McGuire	Member	1/1/00-12/31/03
Melissa Roubic	Member	1/1/00-12/31/03

Statutory Legal Counsel

Portage County Prosecuting Attorney
466 Chestnut Street
Revenna, Ohio 44266

Official Address

Windham Exempted Village School District
9530 Bauer Avenue
Windham, Ohio 44288

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY**

**ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2001**

<u>TITLE NAME</u>	<u>TERM OF OFFICE OR CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Superintendent</u> John J. Grahovac	09/24/99-07/31/01	(A)	\$20,000	1/1/00-1/1/03
<u>Treasurer</u> Denise P. Latessa	Org. Meeting(00)-(02)	(A)	\$20,000	1/1/00-1/1/02

(A) Nationwide Insurance Company

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY
INDEX OF FUNDS**

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund

Special Revenue Fund Type:

Emergency Levy Fund
Education Support Fund
Educational Management Information Systems Fund
Library Automation Grant Fund
Facility Maintenance Fund
Athletic Fund
Teacher Development Fund
Public Preschool Fund
Disadvantaged Pupil Program Fund
Onenet Ohio Program Fund
School net Training Fund
Ohio Reads Grant Fund
Summer Intervention Grant Fund
Venture Capital Fund
Eisenhower Grant Fund
Title I Fund - Special Education Needs of Disadvantaged Children
Title VI-B Fund – Special Education: Assistance to States for Handicapped Children
Title VI Fund – Consolidation of Federal Programs for Elementary and Secondary Education
Special Education Preschool Fund
Drug Free Schools Fund
Goals 2000 Fund
E Rate Fund
Continous Improvement Grant Fund
Miscellaneous Federal Grant Funds

Debt Service Fund Types:

Bond Retirement Fund

Capital Projects Fund Types:

Permanent Improvement Fund
School Net Plus Fund
Classroom Facilities Fund
Technology Equity Fund

PROPRIETARY FUND TYPE:

Enterprise Fund Type:

Food Service Fund
Uniform Supply fund

FIDUCIARY FUND TYPE:

Trust Fund Type:

Expendable and Non-Expendable Trust Funds

Special Trust Fund
Endowment Funds

Agency Fund Type

Student Activity

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Windham Exempted Village School District
9530 Bauer Avenue
Windham, Ohio 44288

We have audited the accompanying general-purpose financial statements of the Windham Exempted Village School District as of and for the year ended June 30, 2001. 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 and *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 Windham Exempted Village School District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund 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 a report dated October 24, 2001, on our consideration of the Windham Exempted Village School District's internal control structure 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 in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 24, 2001

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$1,749,764	\$280,462	\$47,264	\$3,125,362	\$316	\$12,089			\$5,215,257
Equity in pooled cash and cash equivalents - nonexpendable trust fund						25,269			25,269
Investments		63,501							63,501
Receivables (net of allowances of uncollectibles):									
Property taxes - current & delinquent	943,096	211,094	70,365						1,224,555
Accounts	1,352				163				1,515
Interfund loan receivable	21,598								21,598
Due from other governments					3,678				3,678
Prepayments	4,568								4,568
Materials and supplies inventory					15,077				15,077
Restricted assets:									
Equity in pooled cash and cash equivalents	84,638								84,638
Property, plant and equipment (net of accumulated depreciation where applicable)					13,052		\$33,113,768		33,126,820
OTHER DEBITS:									
Amount available in Debt Service Fund								\$51,619	51,619
Amount to be provided for retirement of General Long-Term Obligations								1,989,178	1,989,178
Total assets and other debits	\$2,805,016	\$555,057	\$117,629	\$3,125,362	\$32,286	\$37,358	\$33,113,768	\$2,040,797	\$41,827,273

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

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$32,915	\$5,814		\$14,958	\$133				\$53,820
Accrued wages and benefits.	597,408	104,093			23,448				724,949
Compensated absences payable.	47,203				14,201			\$627,468	688,872
Contracts payable				12,769					12,769
Pension obligation payable	115,862	13,028			9,819			64,953	203,662
Interfund loan payable					21,598				21,598
Deferred revenue	893,287	198,028	\$66,010		3,055				1,160,380
Due to students						\$12,089			12,089
General obligation bonds payable								883,936	883,936
Energy conservation bonds payable								373,259	373,259
Obligation under capital lease								91,181	91,181
Total liabilities	1,686,675	320,963	66,010	27,727	72,254	12,089		2,040,797	4,226,515
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets.							33,113,768		33,113,768
Accumulated deficit					(39,968)				(39,968)
Fund balances:									
Reserved for encumbrances	107,684	10,103							117,787
Reserved for prepayments	4,568								4,568
Reserved for debt service.			47,264						47,264
Reserved for tax revenue unavailable for appropriation.	49,809	13,066	4,355						67,230
Reserved for principal endowment.						25,269			25,269
Reserved for instructional materials	84,638								84,638
Unreserved-undesignated.	871,642	210,925		3,097,635					4,180,202
Total equity and other credits.	1,118,341	234,094	51,619	3,097,635	(39,968)	25,269	33,113,768		37,600,758
Total liabilities, equity and other credits	\$2,805,016	\$555,057	\$117,629	\$3,125,362	\$32,286	\$37,358	\$33,113,768	\$2,040,797	\$41,827,273

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

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$877,406	\$205,732	\$68,479			\$1,151,617
Tuition	2,403					2,403
Earnings on investments	220,788	1,835		\$100,345		322,968
Other local revenues	75,418	156,829				232,247
Other revenue	1,352					1,352
Intergovernmental - State	5,352,867	542,352	7,656	8,001,542		13,904,417
Intergovernmental - Federal	28,345	442,361				470,706
Total revenue	6,558,579	1,349,109	76,135	8,101,887		16,085,710
Expenditures:						
Current:						
Instruction:						
Regular	3,170,138	475,099		84,703	400	3,730,340
Special	665,969	223,505				889,474
Vocational	106,495					106,495
Other	81,823	578				82,401
Support services:						
Pupil	420,961	14,217				435,178
Instructional staff	336,026	249,015		77,874		662,915
Board of Education	70,912					70,912
Administration	589,001	102,319				691,320
Fiscal	188,690	3,970	1,321			193,981
Business	11,414	22,425				33,839
Operations and maintenance	971,006	1,000			34	972,040
Pupil transportation	293,050	4,194				297,244
Central	739	5,563				6,302
Community services		233				233
Extracurricular activities	157,287	55,874				213,161
Facilities services	61,584	146		7,628,886		7,690,616
Debt service:						
Principal retirement	33,511		102,552			136,063
Interest and fiscal charges	9,051		72,769			81,820
Total expenditures	7,167,657	1,158,138	176,642	7,791,463	434	16,294,334
Excess (deficiency) of revenues over (under) expenditures	(609,078)	190,971	(100,507)	310,424	(434)	(208,624)
Other financing sources (uses):						
Operating transfers in	204,215		102,926			307,141
Operating transfers out	(128,216)	(204,215)				(332,431)
Total other financing sources (uses)	75,999	(204,215)	102,926			(25,290)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(533,079)	(13,244)	2,419	310,424	(434)	(233,914)
Fund balance, July 1	1,651,420	247,338	49,200	2,787,211	434	4,735,603
Fund balance, June 30	\$1,118,341	\$234,094	\$51,619	\$3,097,635	\$0	\$4,501,689

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

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$866,857	\$865,266	(1591)	\$204,258	\$204,258	\$0	\$67,975	\$67,975	\$0				\$1,139,090	\$1,137,499	(1591)
Tuition.....	2,403	2,403	0										2,403	2,403	0
Earnings on investments.....	219,241	220,788	1547	2,000	1,835	(165)				\$9,617	\$100,345	\$90,728	230,858	322,968	92,110
Other local revenues.....	33,823	32,545	(1278)	159,000	156,830	(2,170)							192,823	189,375	(3448)
Intergovernmental - State.....	5,259,824	5,353,067	93,243	553,311	549,831	(3,480)	7,656	7,656	0	8,001,542	8,001,542	0	13,822,333	13,912,096	89,763
Intergovernmental - Federal.....	28,345	28,345	0	468,844	466,410	(2,434)							497,189	494,755	(2434)
Total revenues.....	<u>6,410,493</u>	<u>6,502,414</u>	<u>91,921</u>	<u>1,387,413</u>	<u>1,379,164</u>	<u>(8,249)</u>	<u>75,631</u>	<u>75,631</u>	<u>0</u>	<u>8,011,159</u>	<u>8,101,887</u>	<u>90,728</u>	<u>15,884,696</u>	<u>16,059,096</u>	<u>174,400</u>
Expenditures:															
Current:															
Instruction:															
Regular.....	3,151,982	3,142,507	9,475	557,620	473,847	83,773				87,310	84,703	2,607	3,796,912	3,701,057	95,855
Special.....	655,472	652,305	3,167	229,530	221,155	8,375							885,002	873,460	11,542
Vocational.....	105,230	104,857	373										105,230	104,857	373
Other.....	81,875	81,823	52										81,875	81,823	52
Support services:															
Pupil.....	415,673	411,410	4,263	14,163	14,147	16							429,836	425,557	4,279
Instructional staff.....	363,446	359,809	3,637	259,028	246,674	12,354				85,874	85,874	0	708,348	692,357	15,991
Board of Education.....	83,279	81,831	1,448										83,279	81,831	1,448
Administration.....	637,446	629,605	7,841	116,202	101,906	14,296							753,648	731,511	22,137
Fiscal.....	187,356	185,888	1,468	4,029	3,970	59	1,321	1,321	0				192,706	191,179	1,527
Business.....	12,027	11,414	613	26,200	21,184	5,016							38,227	32,598	5,629
Operations and maintenance.....	1,033,824	1,023,353	10,471	1,000	1,000	0							1,034,824	1,024,353	10,471
Pupil transportation.....	303,023	298,635	4,388	4,608	4,519	89							307,631	303,154	4,477
Central.....	800	739	61	5,000	4,831	169							5,800	5,570	230
Community services.....				233	233	0							233	233	0
Extracurricular activities.....	157,236	156,992	244	56,720	56,122	598							213,956	213,114	842
Facilities services.....	61,600	61,584	16	150	146	4				10,234,912	9,270,963	963,949	10,296,662	9,332,693	963,969
Debt service:															
Principal retirement.....							102,552	102,552	0				102,552	102,552	0
Interest and fiscal charges.....							72,769	72,769	0				72,769	72,769	0
Total expenditures.....	<u>7,250,269</u>	<u>7,202,752</u>	<u>47,517</u>	<u>1,274,483</u>	<u>1,149,734</u>	<u>124,749</u>	<u>176,642</u>	<u>176,642</u>	<u>0</u>	<u>10,408,096</u>	<u>9,441,540</u>	<u>966,556</u>	<u>19,109,490</u>	<u>17,970,668</u>	<u>1,138,822</u>
Excess (deficiency) of revenues over (under) expenditures.....	(839,776)	(700,338)	139,438	112,930	229,430	116,500	(101,011)	(101,011)	0	(2,396,937)	(1,339,653)	1,057,284	(3,224,794)	(1,911,572)	1,313,222
Other financing sources (uses):															
Refund of prior year's expenditures.....	43,185	43,182	(3)	440	250	(190)							43,625	43,432	(193)
Refund of prior year's (receipts).....	(25)	(14)	11	(50)	(50)	0							(75)	(64)	11
Operating transfers in.....	307,274	305,989	(1,285)				102,926	102,926	0				410,200	408,915	(1,285)
Operating transfers (out).....	(229,999)	(229,990)	9	(204,215)	(204,215)	0							(434,214)	(434,205)	9
Advances in.....	24,630	24,600	(30)										24,630	24,600	(30)
Advances (out).....	(21,700)	(21,598)	102	(3,480)	(3,480)	0							(25,180)	(25,078)	102
Total other financing sources (uses).....	<u>123,365</u>	<u>122,169</u>	<u>(1,196)</u>	<u>(207,305)</u>	<u>(207,495)</u>	<u>(190)</u>	<u>102,926</u>	<u>102,926</u>	<u>0</u>				<u>18,986</u>	<u>17,600</u>	<u>(1,386)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(716,411)	(578,169)	138,242	(94,375)	21,935	116,310	1,915	1,915	0	(2,396,937)	(1,339,653)	1,057,284	(3,205,808)	(1,893,972)	1,311,836
Fund balances, July 1.....	2,229,373	2,229,373	0	300,540	300,540	0	45,349	45,349	0	4,323,989	4,323,989	0	6,899,251	6,899,251	0
Prior year encumbrances appropriated.....	46,403	46,403	0	6,813	6,813	0				125,218	125,218	0	178,434	178,434	0
Fund balances, June 30.....	<u>\$1,559,365</u>	<u>\$1,697,607</u>	<u>\$138,242</u>	<u>\$212,978</u>	<u>\$329,288</u>	<u>\$116,310</u>	<u>\$47,264</u>	<u>\$47,264</u>	<u>\$0</u>	<u>\$2,052,270</u>	<u>\$3,109,554</u>	<u>\$1,057,284</u>	<u>\$3,871,877</u>	<u>\$5,183,713</u>	<u>\$1,311,836</u>

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

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN ACCUMULATED DEFICIT/FUND BALANCE
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating revenues:			
Tuition and fees.	\$9,860		\$9,860
Sales/charges for services.	122,982		122,982
Investment earnings.		\$1,455	1,455
Other operating revenues	<u>5,216</u>	<u>122</u>	<u>5,338</u>
Total operating revenues.	138,058	1,577	139,635
Operating expenses:			
Personal services	190,323		190,323
Contract services	4,441		4,441
Materials and supplies.	156,562		156,562
Depreciation.	30		30
Other	<u>1,263</u>	<u>1,200</u>	<u>2,463</u>
Total operating expenses	352,619	1,200	353,819
Operating income (loss)	(214,561)	377	(214,184)
Nonoperating revenues:			
Operating grants.	143,873		143,873
Federal commodities	<u>16,002</u>		<u>16,002</u>
Total nonoperating revenues.	<u>159,875</u>		<u>159,875</u>
Net income (loss) before operating transfers.	(54,686)	377	(54,309)
Operating transfers in	25,290		25,290
Net income (loss).	(29,396)	377	(29,019)
Accumulated deficit/fund balance July 1	<u>(10,572)</u>	<u>24,892</u>	<u>14,320</u>
Accumulated deficit/fund balance June 30 . . .	<u><u>(\$39,968)</u></u>	<u><u>\$25,269</u></u>	<u><u>(\$14,699)</u></u>

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

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from tuition and fees	\$9,860		\$9,860
Cash received from sales/service charges	122,838		122,838
Cash received from other operations.	1,538	\$122	1,660
Cash payments for personal services.	(179,384)		(179,384)
Cash payments for contract services	(4,454)		(4,454)
Cash payments for supplies and materials	(142,837)		(142,837)
Cash payments for other expenses	(1,263)	(1,200)	(2,463)
Net cash used in operating activities.	(193,702)	(1,078)	(194,780)
Cash flows from noncapital financing activities:			
Cash received from operating grants.	165,729		165,729
Cash received from interfund loans	21,598		21,598
Cash payments used in repayment of interfund loans	(21,120)		(21,120)
Transfer in.	25,290		25,290
Net cash provided by noncapital financing activities.	191,497		191,497
Cash flows from investing activities:			
Interest received.		1,455	1,455
Net cash provided by investing activities.		1,455	1,455
Net increase (decrease) in cash and cash equivalents.	(2,205)	377	(1,828)
Cash and cash equivalents at beginning of year	2,521	24,892	27,413
Cash and cash equivalents at end of year	<u>\$316</u>	<u>\$25,269</u>	<u>\$25,585</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating income (loss)	(\$214,561)	\$377	(\$214,184)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Changes in assets and liabilities:			
Depreciation.	30		30
Federal donated commodities.	16,002		16,002
Interest reported as operating income.		(1,455)	(1,455)
Increase in supplies inventory	(2,014)		(2,014)
Increase in accounts receivable.	(144)		(144)
Decrease in accounts payable.	(13)		(13)
Increase in accrued wages & benefits.	5,033		5,033
Increase in compensated absences payable	2,308		2,308
Decrease in due to other governments	(3,678)		(3,678)
Increase in pension obligation payable	3,598		3,598
Decrease in deferred revenue	(263)		(263)
Net cash used in operating activities	<u>(\$193,702)</u>	<u>(\$1,078)</u>	<u>(\$194,780)</u>

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Windham Exempted Village School District (the "District") is located in Portage County and is located in the Village of Windham, and portions of surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 474th largest by enrollment among the 682 public and community school districts in the State. It currently operates 2 elementary schools, 1 middle school and 1 comprehensive high school. The District employs 61 non-certified, 91 certified (including administrative) full-time and part-time employees to provide services to approximately 1,112 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Windham Exempted Village 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's significant accounting policies are described below.

A. The Reporting Entity

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

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

Jointly Governed Organization:

Stark Portage Area Computer Consortium (SPARCC)

SPARCC is a data consortium of 31 school districts. SPARCC was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the governments of these schools supports SPARCC based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last 12 months' financial contribution. SPARCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in SPARCC because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from the Treasurer for the Stark County Educational Service Center, who serves as fiscal agent, at 2100 39th Street NW, Canton, Ohio 44709-2300. The District is also a participant in two insurance purchasing pools, described in Note 11.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

GOVERNMENTAL FUNDS

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 liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The following are the District's Governmental Fund Types:

General Fund - The General Fund is the general 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 in accordance with applicable Ohio statute.

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 expenditures for specified purposes.

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

Capital Projects Funds - 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 and Trust Funds).

PROPRIETARY FUNDS

Proprietary Funds are used to account for the District's ongoing activities, which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

Enterprise Funds - Enterprise Funds are used to account for operations that are (a) 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 or 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.

FIDUCIARY FUNDS

Trust and Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental funds. Nonexpendable Trust funds are accounted for in essentially the same manner as Proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have a measurement focus. Agency funds are reported on a cash basis, with note disclosure regarding items, which, in other fund types, would be subject to accrual.

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 general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds and Nonexpendable Trust Funds.

General Long-Term Obligations 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 and Nonexpendable Trust Funds.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

C. Measurement Focus/Basis of Accounting

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

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as advances on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

The Proprietary and Nonexpendable Trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities 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. Unused donated commodities are reported as deferred revenues.

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

D. Budgets

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. The specific timetable for fiscal year 2001, is as follows:

1. 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Portage County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations 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.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interest loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001, in the following amounts:

	<u>Increase/(Decrease)</u>
General Fund	\$ 142,264
Special Revenue Funds	85,421
Debt Service Fund	329
Capital Projects Funds	(1,632,569)
Enterprise Funds	<u>53,977</u>
Total	<u><u>\$(1,350,578)</u></u>

Although the legal level of budgetary control was established at the fund level of expenditures, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds are disclosed in Note 12 to the financial statements.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During fiscal 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and a certificate of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost.

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal 2001 totaled \$220,788, which included \$114,169 assigned from other funds of the District; interest revenue credited to the Non-Expendable Trust fund totaled \$1,455, which included \$154 assigned from other funds of the District.

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

F. Inventory

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

G. Prepays

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years. 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. Interest on debt issued to construct or acquire general fixed assets is not capitalized in the account group. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Minor Equipment	5-20

I. Intergovernmental Revenues

In Governmental funds, intergovernmental revenues such as entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations (excluding commodities) are recognized as non-operating revenues in the accounting period in which they are measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Special Revenue Funds

State Property Tax Relief
Disadvantaged Pupil Impact Aid
Teacher Development

Debt Service Fund

State Property Tax Relief

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

Non-Reimbursable Grants

Special Revenue Funds

Management Information Systems
Public School Preschool
Education for Economic Security
Ohio Reads
Summer intervention
Venture Capital
Peak Grant
Safe School Help Line
Title VI-B
Title I
Title VI
Preschool
Drug-Free Schools
Preschool for the Handicapped
Performance Incentive Grant
Raise the Bar Grant
Title VI-R
Continuous Improvement Grant
Extended Learning Opportunity Grant

Reimbursable Grants

General Fund

School Bus Purchases
Driver Education
Vocational Education Travel/Salary

Special Revenue Funds

Telecommunications

Proprietary

National School Lunch Program
National School Milk Program
Adult Education

Capital Projects Funds

SchoolNet
Technology Equity

Grants and entitlements amounted to 88.7% of the District's operating revenue during the 2001 fiscal year.

J. Compensated Absences

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the termination method; i.e., an accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on sick leave and vacation leave balances at the end of the fiscal year.

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

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

K. Long-Term Obligations

In general, Governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources; however, compensated absences and contractually required pension contributions that will be paid from Governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

L. Fund Equity

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepaid assets, debt service, instructional materials, and tax revenue unavailable for appropriation. In addition, although the Nonexpendable Trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of the principal endowment. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

M. Statutory Reserves

The District is required by State law to set aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 2001	\$ 44,297		\$ 110,303
Current year set-aside requirement	131,242	\$131,242	
Qualifying disbursements	(90,901)	(219,065)	
Change in statutory requirements			(110,303)
Total	<u>84,638</u>	<u>(87,823)</u>	<u>0</u>
Cash balance carried forward to FY 2002	<u>\$ 84,638</u>	<u>\$ 0</u>	<u>\$ 0</u>

A schedule of the restricted assets at June 30, 2001, follows:

Amount restricted for instructional materials	<u>\$84,638</u>
Total restricted assets	<u>\$84,638</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

N. 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. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund, which provides a service records revenue, and the fund, which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2001 is presented in Note 5.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

O. Statement of Cash Flows

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds in Governmental Entities That Use Proprietary Fund Accounting. The District has presented (Exhibit 5) a statement of cash flows for its Proprietary and Nonexpendable Trust funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

P. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a reserve for instructional materials. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. A fund balance reserve has also been established. See Note 2.M for calculation of statutory reserves.

R. Estimates

The preparation of financial statements in conformity with GAAP 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.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

S. Memorandum Only - Total Columns

Total columns on the General Purpose Financial Statements are captioned (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 changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. In accordance with this statement, certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions may have been reported in a manner inconsistent with prior fiscal years; however, the adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

B. Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2001, included the following individual fund deficits.

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Title I	\$(36,290)
Disadvantaged Pupil Impact Act	(35,706)
Public School Preschool	(14,590)
Data Communication	(804)
Title VI	(32)
Drug-Free School	(5)
Preschool	(25)
Library Automation	(3)
Teacher Development	(17)
 <u>Enterprise Fund</u>	
Food Services	(45,583)

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

These GAAP-basis deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

NOTE 4 - EQUITY IN POOLED CASH 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 two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

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

The following information classifies deposits and investments 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 year-end the carrying amount of the District's deposits was \$384,566 and the bank balance was \$524,666 (both amounts are exclusive of payroll clearance accounts, but include \$63,501 in a non-negotiable certificate of deposit). Of the bank balance:

1. \$163,501 was covered by federal depository insurance.
2. \$361,165 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

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

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

	<u>Fair Value</u>
Not Subject to Categorization:	
Investment in State	
Treasurer's Investment Pool	<u>\$5,004,099</u>
 Total Investments	 <u>\$5,004,099</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

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

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 5,325,164	\$ 63,501
Investments of the Cash		
Management Pool:		
Certificate of Deposit	63,501	(63,501)
State Treasurer's Investment Pool	<u>(5,004,099)</u>	<u>5,004,099</u>
 GASB Statement No. 3	 <u>\$ 384,566</u>	 <u>\$ 5,004,099</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans (Payable)</u>
General Fund	\$21,598	
<u>Enterprise Funds</u>		
Food Service		\$(21,598)
Total Interfund Loans	<u>\$21,598</u>	<u>\$(21,598)</u>

- B.** The following is a reconciliation of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$204,215	\$(128,216)
<u>Special Revenue Funds</u>		
Emergency Levy		(204,215)
Debt Service Fund	102,926	
<u>Enterprise Fund</u>		
Food Service	<u>25,290</u>	
Totals	<u>\$332,431</u>	<u>\$(332,431)</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market and railroads, which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed values upon which the fiscal year 2001 taxes were collected were as follows:

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$30,603,303	88.22	\$34,490,020	81.87
Public Utility Personal	3,364,300	9.70	4,580,246	10.87
Tangible Personal Property	720,720	2.08	3,058,800	7.26
	\$34,688,323	100.00	\$42,129,066	100.00
Tax rate per \$1,000 of assessed valuation:				
Operations	50.35		51.20	
Debt Service	2.15		2.33	
Special Purpose	.50		.50	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Portage County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 6 - 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, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2001, totaled \$49,809 in the General fund, \$4,355 in the Debt Service fund and \$13,066 in the Special Revenue funds.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees), and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). 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. A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current	\$918,827
Taxes - Delinquent	24,269
Interfund loans	21,598
 <u>Special Revenue Funds</u>	
Taxes - Current	204,748
Taxes - Delinquent	6,346
 <u>Debt Service Fund</u>	
Taxes - Current	68,249
Taxes - Delinquent	2,116
 <u>Enterprise Funds</u>	
Due from other governments	3,678

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 8 - FIXED ASSETS

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

	Balance July 1, 2000	Additions	Reductions	Balance June 30, 2001
Land/Improvements	\$ 930,883			\$ 930,883
Buildings	11,638,250	\$ 4,975,381		16,613,631
Furniture/Equipment	2,237,614			2,237,614
Vehicles	492,236			492,236
Books	680,582			680,582
Construction in progress	<u>7,864,090</u>	9,270,113	\$(4,975,381)	<u>12,158,822</u>
Total	<u>\$23,843,655</u>	<u>\$14,245,494</u>	<u>\$(4,975,381)</u>	<u>\$33,113,768</u>

A summary of the Proprietary Fund fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$ 119,404
Less Accumulated Depreciation	<u>(106,352)</u>
Net Fixed Assets	<u>\$ 13,052</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District has entered into capitalized leases for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Expendable Trust Fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$171,183, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2001 fiscal year totaled \$33,511. This amount is reflected as debt service principal retirement in the General Fund.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2001.

General Long-Term Obligations

Year Ending <u>June 30</u>	<u>Copiers</u>
2002	\$ 38,058
2003	24,542
2004	24,542
2005	<u>16,362</u>
Total future minimum lease payments	<u>103,504</u>
Less: Amount Representing Interest	<u>(12,323)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 91,181</u>

The District does not have capitalized lease obligations after fiscal year 2005.

NOTE 10 - LONG-TERM DEBT

During the 1998 fiscal year, the District issued general obligation bonds to provide funds for the acquisition and construction of equipment and facilities. These bonds are general obligations of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to this bond are recorded as an expenditure in the Debt Service fund. The source of payment is derived from a current 2.11 (average) mill bonded debt tax levy.

These general obligation bonds represent the amount of the construction project that the District itself was required to finance, in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC), as further detailed in Note 16.C. OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2001 the total estimated cost of the building project is \$28,028,571, of which OSFC will pay \$27,028,571.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 10 - LONG-TERM DEBT - (Continued)

In conjunction with the 2.11 mills, which support the bond issue, the District also passed in fiscal 1998 a .5 mill levy to ultimately fund the maintenance costs of the new facility. Tax revenue from this levy has been reported in the Special Revenue funds.

During fiscal year 1998, the District issued unvoted long-term “energy conservation” bonds, under authority of H.B. 264. Energy conservation bonds outstanding are general obligations of the District, for which the District’s full faith and credit are pledged for repayment. Accordingly, these bonds are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these bonds are recorded as expenditures in the General fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of these bonds without voter approval, and the subsequent repayment of the bonds from operating revenues.

A. The following is a description of the Windham Exempted Village School District bonds outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 7/01/00</u>	<u>Retired in Fiscal 2001</u>	<u>Bonds Outstanding 06/30/01</u>
Construction Bond	5.35%	04/15/98	12/01/20	\$ 908,387	\$ (24,451)	883,936
Energy Conservation	5.50%	07/01/97	07/01/05	<u>451,360</u>	<u>(78,101)</u>	<u>373,259</u>
Total				<u>\$1,359,747</u>	<u>\$(102,552)</u>	<u>\$1,257,195</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 10 - LONG-TERM DEBT - (Continued)

B. The following is a summary of the District's future annual debt service requirements to maturity for general obligation and energy conservation bonds:

Year Ending June 30	General Obligation Classroom Facilities Bonds		HB 264 Energy Conservation Bonds		Total
	Principal	Interest	Principal	Interest	
2002	\$ 25,759	\$ 46,602	\$ 82,396	\$20,529	\$ 175,286
2003	27,137	45,187	86,928	15,997	175,249
2004	28,589	43,696	91,709	11,216	175,210
2005	30,118	42,126	54,611	6,173	133,028
2006	31,730	40,471	57,615	3,169	132,985
2007 - 2011	186,000	174,271			360,271
2012 - 2016	241,374	117,417			358,791
2017 - 2021	<u>313,229</u>	<u>553,409</u>			<u>866,638</u>
Total	<u>\$883,936</u>	<u>\$1,063,179</u>	<u>\$373,259</u>	<u>\$57,084</u>	<u>\$2,377,458</u>

C. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation payable will ultimately be paid from the fund from which the employee is paid.

	Balance July 1, 2000	Increase	Decrease	Balance June 30, 2001
Compensated Absences	\$ 624,547	\$ 2,921		\$ 627,468
Pension Obligation Payable	66,744	64,953	\$ (66,744)	64,953
General Obligation Debt	1,359,747		(102,552)	1,257,195
Capital Leases	<u>124,692</u>		<u>(33,511)</u>	<u>91,181</u>
Total	<u>\$2,175,730</u>	<u>\$67,874</u>	<u>\$(202,807)</u>	<u>\$2,040,797</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 10 - LONG-TERM DEBT - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$2,959,299 (including available funds of \$51,619), an unvoted debt margin of \$42,129 and an unvoted energy conservation debt margin of \$5,903.

NOTE 11 - RISK MANAGEMENT

PORTAGE COUNTY SCHOOL CONSORTIUM

Windham Exempted Village School District participates in the Portage County School Consortium, which is a cooperative entity among 13 educational-service providers formed in 1981 to facilitate effective risk management and to share the cost of providing various insurance coverages and employee benefits. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health insurance, disability insurance and life insurance. A third party administrator is retained by the consortium to facilitate the operation of the Health and Welfare Trust. The District pays all insurance premiums directly to the consortium. The insurance agreement with the Portage County School Consortium also provides that the Consortium will reinsure through commercial companies for claims over \$100,000 per employee. Although the District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board, as provided in the Consortium's enabling authority. Although the District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 11 - RISK MANAGEMENT - (Continued)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2001, the District contracted with Nationwide Insurance Company for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Nationwide Insurance Company	Automobile	\$250 Comprehensive; \$250 Collision
Nationwide Insurance Company	General Liability	\$0
Nationwide Insurance Company	Property Insurance	\$1,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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

OSBA WORKER'S COMPENSATION GROUP RATING

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of food service and uniform supply sales. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenue	\$ 128,198	\$9,860	\$ 138,058
Depreciation Expense	30		30
Operating Income (Loss)	(214,681)	120	(214,561)
Non-operating Revenue:			
Operating grants	143,873		143,873
Donated federal commodities	16,002		16,002
Net Income (Loss) Before Operating Transfers	(54,806)	120	(54,686)
Operating Transfers In	25,290		25,290
Net Working Capital	(44,464)	5,645	(38,819)
Total Assets	26,641	5,645	32,286
Long-Term Liabilities			
Payable From Fund Revenues	14,201		14,201
Total Fund Equity (Accumulated Deficit)	(45,613)	5,645	(39,968)
Encumbrances outstanding as of 6/30/01	133		133

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$157,307, \$162,283, and \$143,664, respectively; 61% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$95,232, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes 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.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$565,926, \$551,873, and \$528,384, respectively; 82% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$99,760, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2001, members of the Board of Education have elected the School Employees Retirement System.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the STRS, and to retired non-certified employees and their dependents through the SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations 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.

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 are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$181,905 during the 2001 fiscal year.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, equaled \$109,158 during the 2001 fiscal year. The surcharge, added to the unallocated portion of the 14% 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% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (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) 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 (GAAP basis).

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

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

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Budget Basis	\$(578,169)	\$ 21,935	\$1,915	\$(1,339,653)
Net Adjustment for Revenue Accruals	56,165	(30,055)	504	
Net Adjustment for Expenditure Accruals	(101,700)	(23,079)		1,634,269
Net Adjustment for Other Financing Sources/(Uses)	(46,170)	3,280		
Adjustment for Encumbrances	<u>136,795</u>	<u>14,675</u>	<u> </u>	<u>15,808</u>
GAAP Basis	<u><u>\$(533,079)</u></u>	<u><u>\$(13,244)</u></u>	<u><u>\$2,419</u></u>	<u><u>\$ 310,424</u></u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds; however in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

As of the balance sheet date, the District was not involved in any litigation as either defendant or plaintiff.

C. School Funding Decision

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

\$ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

\$ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 16 - CONTINGENCIES - (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of September 28, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

NOTE 17 - OUTSTANDING CONTRACTUAL COMMITMENTS

At June 30, 2001, the District had the following outstanding contractual commitments:

Katherine Thomas Elementary School

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Balance Remaining</u>
Tinkler Construction Co.	<u>\$2,682,989</u>	<u>\$2,610,945</u>	<u>\$72,044</u>
Building Totals	<u>\$2,682,989</u>	<u>\$2,610,945</u>	<u>\$72,044</u>

East Elementary School

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Balance Remaining</u>
Hummel Construction Co.	\$ 131,400	\$ 118,355	\$ 13,045
David Williams & Assoc.	80,920	0	80,920
Sykes Construction Co., Inc.	2,451,767	2,326,674	125,093
A. A. Samuels Sheet Metal Co.	880,634	807,178	73,456
Waller-Duman, Inc.	450,007	428,375	21,632
Sound Com Corp.	<u>1,149,871</u>	<u>957,223</u>	<u>192,648</u>
Building Totals	<u>\$5,144,599</u>	<u>\$4,637,805</u>	<u>\$506,794</u>

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE 17 - OUTSTANDING CONTRACTUAL COMMITMENTS - (Continued)

Jr./Sr. High School

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Balance Remaining</u>
Ricciuti Balog & Partners Arch	\$ 830,548	\$ 780,715	\$ 49,833
Spaulding Construction Co.	3,835,597	3,528,924	306,673
Pro-Fab, Inc.	578,939	561,984	16,955
Franklin Roofing, Inc.	766,553	727,595	38,958
Metro Window & Glass Co., Inc.	194,831	156,205	38,626
Republic Storage Systems	92,475	89,215	3,260
Rizzi Distributors, Inc.	210,394	197,739	12,655
Custom Fabricators, Inc.	531,759	514,015	17,744
Waller-Duman, Inc.	91,069	71,771	19,298
Steingass Mechanical Cont.	761,096	683,692	77,404
A. A. Samuels Sheet Metal Co.	2,182,844	2,003,162	179,682
Valley Electrical Consolidated	1,029,625	974,967	54,658
Northern Valley Contractors, Inc.	194,006	158,102	35,904
Karvo Paving Company	253,274	152,882	100,392
Waller-Duman, Inc.	570,132	362,496	207,636
Building Totals	<u>\$12,123,142</u>	<u>\$10,963,464</u>	<u>\$1,159,678</u>
Grand Totals	<u>\$19,950,730</u>	<u>\$18,212,214</u>	<u>\$1,738,516</u>

NOTE 18- SIGNIFICANT SUBSEQUENT EVENT

Superintendent John Grahovac retired on July 31, 2001. The Board of Education hired Ronald Dunlevy as Superintendent, effective August 1, 2001.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE:						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$ 30,848	\$ -	\$ 30,848	\$ -
National School Lunch Program	n/a	10.555	124,517	-	124,517	-
Food Distribution Program	n/a	10.550	-	15,744	-	16,002
Total Nutrition Cluster			155,365	15,744	155,365	16,002
Total U.S. Department of Agriculture			155,365	15,744	155,365	16,002
U.S. DEPARTMENT OF EDUCATION:						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	045666C1S101 045666C1S100	84.010	218,629 24,050 242,679	- - -	205,119 64,295 269,414	- - -
Special Education Cluster						
Title VI-B Special Education Assistance for handicapped Children	045666BFS01 045666BFS00	84.027	105,092 -	- -	89,785 15,092	- -
Title VI-B Preschool Program	045666PGS01	84.173	8,041	-	8,041	-
Total Special Education Cluster			113,133	-	112,918	-
Drug Free Schools Grant						
	045666DRS101 045666DRS100	84.186	4,646 - 4,646	- - -	4,646 1,088 5,734	- - -
Continous Improvement Grant						
	045666G2S100	84.276	66,388 66,388	- -	60,230 60,230	- -
Eisenhower Professional Dev. Grant						
	045666MSS01 045666MSS00	84.281	4,236 5,714 9,950	- - -	4,236 2,069 6,305	- - -
Innovative Education Program Strategies						
	045666C2S01 045666C2S00	84.298	5,544 - 5,544	- - -	5,544 1,834 7,378	- - -
Technology Literacy Challenge						
	456662000	84.318	- -	- -	25,000 25,000	- -
Title VI-R Class Size Reduction						
	045666CRS101 045666CRS100	84.340	32,192 - 32,192	- - -	25,245 4,301 29,546	- - -
Total U.S. Department of Education			474,532	-	516,525	-
Total Federal Awards Expenditures			<u>\$ 629,897</u>	<u>\$ 15,744</u>	<u>\$ 671,890</u>	<u>\$ 16,002</u>

See notes to Schedule of Federal Awards Expenditures.

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – Significant Account Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the Districts federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the state grants. It is assumed that federal monies are expended first.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Windham Exempted Village School District
9530 Bauer Avenue
Windham, Ohio 44288

We have audited the general-purpose financial statements of Windham Exempted Village School District as of and for the year ended June 30, 2001, and have issued our report thereon dated October 24, 2001. 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 Windham Exempted Village School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Windham Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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.

Windham Exempted Village School District
Report on Compliance and on Internal Control Over Financial Reporting
Page two

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 24, 2001

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133***

Windham Exempted Village School District
9530 Bauer Avenue
Windham, Ohio 44288

Compliance

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

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

In our opinion, the Windham Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 24, 2001

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A – 133 SECTION .505**

**WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT
PORTAGE COUNTY
JUNE 30, 2001**

1. AUDITOR’S RESULTS

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

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

WINDHAM EXEMPTED VILLAGE SCHOOL DISTRICT

PORTAGE 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
DECEMBER 4, 2001**