

WOOSTER CITY SCHOOL DISTRICT

SINGLE AUDIT

YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Wooster City School District
144 N. Market
Wooster, Ohio 44691

We have reviewed the Independent Auditor's Report of the Wooster City School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2002 through June 30, 2003. 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 Wooster City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 9, 2004

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**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 3, 2004

The Board of Education
Wooster City School District
Wooster, Ohio 44691

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Wooster City School District as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-2-03 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of June 30, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2004, on our consideration of Wooster City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, board of trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

WOOSTER CITY SCHOOL DISTRICT
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003

	Governmental Fund Types			Capital Projects	Fiduciary	Total
	General	Special Revenue	Debt Service		Expendable Trust	
CASH RECEIPTS:						
Taxes	\$ 23,511,805	\$ 0	\$ 2,027,745	\$ 526,473	\$ 0	\$ 26,066,023
Intergovernmental	9,585,050	2,606,688	200,706	495,522	0	12,887,966
Investment Income	161,308	11,481	56,897	23,265	0	252,951
Tuition and Fees	263,985	39,000	0	0	0	302,985
Extracurricular Activities	0	182,353	0	0	0	182,353
Rentals	12,535	0	0	0	0	12,535
Gifts and Donations	0	12,900	0	0	1,350	14,250
Miscellaneous	666,141	4,146	0	200,000	0	870,287
Total Cash Receipts	<u>34,200,824</u>	<u>2,856,568</u>	<u>2,285,348</u>	<u>1,245,260</u>	<u>1,350</u>	<u>40,589,350</u>
CASH DISBURSEMENTS:						
Instruction:						
Regular	17,403,861	1,165,578	0	174,716	0	18,744,155
Special	2,587,189	804,588	0	0	0	3,391,777
Vocational	378,528	11,827	0	0	0	390,355
Other	905,952	0	0	0	0	905,952
Support Services:						
Pupils	1,780,589	191,894	0	0	0	1,972,483
Instructional Staff	1,878,556	171,710	0	0	0	2,050,266
Board of Education	234,617	0	0	0	0	234,617
Administration	2,618,644	59,361	0	0	0	2,678,005
Fiscal	881,105	25,336	0	9,123	1,000	916,564
Business	216,171	0	0	0	0	216,171
Operation and Maintenance of Plant	3,951,922	48,415	0	94,349	0	4,094,686
Pupil Transportation	1,425,072	69,697	0	62,000	0	1,556,769
Central	538,749	94,858	0	14,595	0	648,202
Operation of Non-Instructional Services	155,089	228,158	0	0	0	383,247
Extracurricular Activities	415,884	193,099	0	0	0	608,983
Capital Outlay	9,981	23,086	0	1,297,498	500	1,331,065
Debt Service:						
Principal Retirement	0	0	1,683,576	0	0	1,683,576
Interest and Fiscal Charges	0	0	1,124,506	0	0	1,124,506
Total Cash Disbursements	<u>35,381,909</u>	<u>3,087,607</u>	<u>2,808,082</u>	<u>1,652,281</u>	<u>1,500</u>	<u>42,931,379</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,181,085)	(231,039)	(522,734)	(407,021)	(150)	(2,342,029)
Other Financing Sources (Uses)						
Operating Transfers In	0	115,251	0	0	0	115,251
Operating Transfers Out	(218,690)	(99,951)	0	0	0	(318,641)
Total Other Financing Sources (Uses)	<u>(218,690)</u>	<u>15,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(203,390)</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(1,399,775)	(215,739)	(522,734)	(407,021)	(150)	(2,545,419)
Fund Cash Balances, July 1, 2002	<u>5,631,522</u>	<u>1,006,395</u>	<u>3,936,129</u>	<u>1,471,112</u>	<u>2,296</u>	<u>12,047,454</u>
Fund Cash Balances, June 30, 2003	<u>\$ 4,231,747</u>	<u>\$ 790,656</u>	<u>\$ 3,413,395</u>	<u>\$ 1,064,091</u>	<u>\$ 2,146</u>	<u>\$ 9,502,035</u>
Reserves for Encumbrances	<u>\$ 380,699</u>	<u>\$ 302,950</u>	<u>\$ 0</u>	<u>\$ 482,193</u>	<u>\$ 550</u>	<u>\$ 1,166,392</u>

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

WOOSTER CITY SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Fiduciary Fund Type		Total (Memorandum Only)
	Enterprise	Internal Service	Non Expendable Trust	Agency	
OPERATING CASH RECEIPTS					
Tuition	\$ 0	\$ 1,039,454	\$ 0	\$ 0	\$ 1,039,454
Sales	835,824	33,524	0	499	869,847
Charges for Services	0	5,027,359	0	205,160	5,232,519
Other Operating Revenues	0	39,319	0	500	39,819
Total Operating Cash Receipts	835,824	6,139,656	0	206,159	7,181,639
OPERATING CASH DISBURSEMENTS					
Salaries	546,412	810,774	0	0	1,357,186
Fringe Benefits	258,915	4,411,435	0	0	4,670,350
Purchased Services	760,476	228,399	0	104,992	1,093,867
Materials and Supplies	14,843	32,793	1,739	61,523	110,898
Capital Outlay	3,395	2,765	0	1,106	7,266
Other Operating Expenses	0	363,558	0	18,668	382,226
Total Operating Cash Disbursements	1,584,041	5,849,724	1,739	186,289	7,621,793
Operating Income (Loss)	(748,217)	289,932	(1,739)	19,870	(440,154)
NON OPERATING CASH RECEIPTS/(DISBURSEMENTS)					
Operating Grants	548,190	242,518	0	0	790,708
Contributions and Donations	0	71,304	1,755	0	73,059
Interest	4,133	22,264	0	0	26,397
Total Non Operating Cash Receipts/(Disbursements)	552,323	336,086	1,755	0	890,164
Excess Cash Receipts Over/(Under) Cash Disbursements	(195,894)	626,018	16	19,870	450,010
Operating Transfers In	200,000	3,390	0	0	203,390
Net Cash Receipts Over/(Under) Cash Disbursements	4,106	629,408	16	19,870	653,400
Fund Cash Balances, July 1, 2002	285,139	1,237,394	575	74,390	1,597,498
Fund Cash Balances, June 30, 2003	\$ 289,245	\$ 1,866,802	\$ 591	\$ 94,260	\$ 2,250,898
Reserves for encumbrances	\$ 33,660	\$ 24,011	\$ 0	\$ 7,818	\$ 65,489

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

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District was originally chartered in 1817 by the Ohio State legislature. In 1853, under the auspices of the office of State Superintendent of Common School Education, township trustees were authorized to levy compulsory taxes for support of public education. In 1853, state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in Section 3311.03 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board controls the District's thirteen instructional/support facilities staffed by non-certificated personnel, certificated full time teaching personnel and administrative employees to provide services to students and other community members. In 2003, the District had 385 full time equivalent certificated staff and 235.50 support staff.

For financial reporting purposes, the Wooster City School District ("the District") is a primary government and includes all funds, account groups, agencies, boards and commissions that are not legally separate from the District. As a result the accompanying financial statements include the general operations, food service, special needs school (Boys Village), and student related activities of the District.

The following entities which perform activities within the District boundaries for the benefit of its residents are excluded from accompanying financial statements. All are legally separate. None are fiscally dependent on the District. The District is not financially accountable for any of these entities:

City of Wooster

The Wayne County Public Library

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03 to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District has chosen to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. The basis of accounting is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when they are earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Failing to follow generally accepted accounting principles is a condition sufficient for the Ohio Department of Education to place the District in a Fiscal Caution Status. This status requires the District to submit a corrective action plan to the Department.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

C. Cash and Investments

State Treasury Asset Reserve of Ohio (STAROhio), U.S. Debt Securities, Certificates of Deposits, and cash deposits are reported at cost.

D. Fund Accounting

The District maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the specific recording of receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of fund are as follows:

Governmental Funds

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

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

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

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or non-expendable trust funds).

Proprietary Funds

Enterprise Funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the District 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 District 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.

The **Internal Service Fund** is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Fiduciary Funds (Trust and Agency Funds)

Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds.

The **Non-expendable Trust Funds** are accounted for in essentially the same manner as the proprietary fund types. These funds account for assets held by the government in a trustee capacity where the government is obligated to maintain the principle of the fund in accordance with a specific trust agreement for maintaining the fund principal and distributing donations or interest.

The **Agency Funds** are used to account for assets held by the District, an agent for individuals, private organizations, other governmental units, and/or other funds.

E. Budgetary Process

1. Budget

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

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budgeted receipts in Note 3 do not include July 1, 2002 unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in Note 3 represent the final appropriation amounts including all amendments and modifications.

4. Encumbrances

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

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

5. Compliance and Accountability

Total expenditures in the capital projects fund, enterprise fund, and internal service fund exceeded appropriations.

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as site improvement disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

2. FUND TYPE RECLASSIFICATION

During fiscal year 2003, the District reclassified the Boys Village fund from a special revenue fund to an internal service fund to more accurately disclose the function of this fund within the District.

3. POOLED CASH AND INVESTMENTS

State statutes classify monies held by the School 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 School 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 that the Board of Education had 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 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 or deposit accounts including passbook accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, with the term of the agreement not exceeding thirty days;

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

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

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

Deposits - At year-end, the carrying amount of the District's deposits was \$7,506,057 and the bank balance was \$8,417,243, of which \$100,000 was covered by federal depository insurance, or collateralized by the financial institution's public entity deposit pool.

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, which 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.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Statutory provisions require that all securities acquired by the District be held by the District treasurer or deposited with a qualified trustee. Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Paine Webber	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Investment in State Treasurer's Investment Pool		3,246,876	3,246,876
		\$ 4,246,876	\$ 4,246,876

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended June 30, 2003 as follows:

2003 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,454,386	\$ 34,200,824	\$ (3,253,562)
Special Revenue	2,979,000	2,971,819	(7,181)
Debt Service	2,407,440	2,285,348	(122,092)
Capital Projects	612,500	1,245,260	632,760
Enterprise	1,450,000	1,588,147	138,147
Internal Service	3,450,000	6,479,132	3,029,132
Fiduciary	291,000	209,264	(81,736)
Total	\$ 48,644,326	\$ 48,979,794	\$ 335,468

2003 Budgeted vs. Actual Expenditures

	Appropriation Authority	Actual Expenditures	Variance
General	\$ 36,417,418	\$ 35,981,298	\$ 436,120
Special Revenue	3,634,847	3,490,508	144,339
Debt Service	2,806,985	2,808,082	(1,097)
Capital Projects	1,534,064	2,134,474	(600,410)
Enterprise	1,471,265	1,617,701	(146,436)
Internal Service	4,563,076	5,873,735	(1,310,659)
Fiduciary	254,671	197,896	56,775
Total	\$ 50,682,326	\$ 52,103,694	\$ (1,421,368)

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

The expenditures (disbursements plus encumbrances) of the following funds exceed their respective appropriations:

Special Revenue:	
Auxillary Services	\$ (65,166)
EMIS	(3,209)
DPIA	(19,871)
Ohio Connectivity	(38,500)
Schoolnet	(4,103)
Ohio Reads	(172,049)
Summer Intervention	(19,330)
Alternative School	(82,864)
Eisenhower	(32)
Title VI-B	(180,656)
Title I	(67,667)
Title VI	(50,661)
Federal Emergency	(23,727)
Class Size Reduction	(94,137)
Miscellaneous Federal Grants	(13,887)
Debt Service	(1,097)
Capital Projects:	
Building Fund	(756,755)
SchoolNet Plus	(151,853)
Enterprise Fund:	
Food Service	(129,079)
Uniform Supplies	(1,271)
Community Recreation	(16,438)
Internal Service:	
Rotary	(1,202,405)
Self-Insured Prescription	(230,967)

5. GENERAL LONG TERM OBLIGATIONS

A. BONDS PAYABLE

	Outstanding June 30, 2002	Additions	Deductions	Outstanding June 30, 2003
General Obligation Bonds 4.3% to 8.4%	\$ 26,223,200	\$ 0	\$ 1,560,000	\$ 24,663,200

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Outstanding general obligation bonds consist of school building construction and school improvement issues. General obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District. The annual requirement to amortize all debt outstanding as of June 30, 2003, including interest payments of \$20,706,300 is as follows:

2005	2,740,581
2006	2,795,992
2007	2,834,268
2008	2,837,575
2009-2013	15,447,878
2014-2018	15,721,930
2019	303,334
	<u>\$ 45,369,500</u>

B. ENERGY CONSERVATION FUND

	June 30, 2002	Additions	Deductions	June 30, 2003
Energy Conservation Bond				
Interest rate 4.6%, due 6/1/08	\$ 833,257	\$ 0	\$ 123,576	\$ 709,681

6. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Wayne County Auditor is responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Wayne County Auditors reappraise real property every six years with a triennial update, which last update was completed for 2002. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Wayne County, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2002 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, for Wayne County, amounted to \$65.20 per \$1,000 of valuation. The effective rate applied after adjustment for inflationary increases in property values for Wayne County was \$36.61 per \$1,000 of assessed valuation for residential and agricultural real property, and \$42.61 per \$1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2002 was \$65.20 per \$1,000 of valuation for Wayne County.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

7. RISK MANAGEMENT

The District insures its buildings and their contents through insurance having a \$5,000 deductible and providing replacement cost for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$4,000,000 aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Bond is maintained on all employees handling or responsible for money in the amount of \$10,000. A bond of \$50,000 is maintained on the Treasurer. Bonds are also provided for the School Board President, Superintendent, and business manager in the amount of \$20,000 each.

By state statute, bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

The District is self-insured for its medical insurance, dental insurance, and prescription drug program. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. During fiscal year, 2003, a total expense of \$4,483,254 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$75,000.

8. OSBA GROUP RATING PROGRAM

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". The "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.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

9. OTHER INSURANCE

The District operates its life insurance program on a fully funded premium basis. The District incurs no risk

10. DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Wooster City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement defined benefit pension plan. SERS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. SERS issued a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement Systems, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9% of their annual covered salary and Wooster City School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Wooster City School District are established and may be amended by the SERS Board of Trustees. The School District's contributions to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$753,528, \$698,772, and, \$654,552, respectively; 46.5% has been contributed for fiscal year 2003 and 100% has been contributed for the fiscal years 2002 and 2001.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The Wooster City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement defined benefit pension plan operated by the State of Ohio. STRS provides retirement benefits, annual cost-of-living adjustments, disability, survivor, and health care benefits. STRS issued 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 or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and Wooster City School District is required to contribute an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Wooster City School District are established and may be amended by the STRS Board of Trustees. The School District's contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$2,692,068, \$2,607,372, and \$2,437,752, respectively; 82.8% has been contributed for fiscal year 2003 and, 100% has been contributed for the fiscal years 2002 and 2001.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

11. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients.

Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2003, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$459,652.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS had approximately 50,000 participants currently receiving health care benefits.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll.

The Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Board. The balance in the Health Care Reserve Fund was \$3.011 billion at June 30, 2002 (the latest information available). For the year ended June

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

30, 2002, the net health care costs paid by STRS were \$354,697,000. There were 105,300 eligible benefit recipients.

12. JOINTLY GOVERNED ORGANIZATIONS

A. TRI-COUNTY COMPUTER SERVICES ASSOCIATION (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 21 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based on per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland-Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio, 44691. During the year ended June 30, 2003 the District paid approximately \$365,717 to TCCSA for basic service charges.

13. STATE SCHOOL FUNDING DECISION

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

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

14. STATUTORY RESERVES

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

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Cash Balance as of June 30, 2003	\$ 0	\$ 0	\$ 0
Set-Aside Carryover Balance as of June 30, 2003	0	(40,525)	(40,525)
Current Year Set-Aside Requirement	562,266	562,266	1,124,532
Qualifying Disbursements	(619,171)	(724,965)	(1,344,136)
Total	\$ (56,905)	\$ (203,224)	\$ (260,129)
Cash Balance Carried Forward FY 2004	\$ 0	\$ 0	\$ 0
Amount to Restrict for Set-Asides			\$ 0
Total Restricted Assets			\$ 0

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the other set-aside.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 3, 2004

The Board of Education
Wooster City School District
Wooster, Ohio 44691

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

We have audited the financial statements of Wooster City School District as of and for the year ended June 30, 2003, and have issued our report thereon dated May 3, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wooster City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Wooster City School District in a separate letter dated May 3, 2004.

Internal Control Over Financial Reporting

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 3, 2004

The Board of Education
Wooster City School District
Wooster, Ohio 44691

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

Compliance

We have audited the compliance of Wooster City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Wooster City School District's major federal program is identified in the summary of auditor's result 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 Wooster City School District's management. Our responsibility is to express an opinion on Wooster City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circulars 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 Wooster City School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wooster City School District's compliance with those requirements.

In our opinion, Wooster City School District complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Wooster City 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 Wooster City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Wooster City School District
Report on Compliance

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

Schedule of Federal Financial Assistance - Non GAAP Budgetary Basis

We have audited the financial statements of Wooster City School District as of and for the year ended June 30, 2003, and have issued our report thereon dated May 3, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements of Wooster City School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Rea & Associates, Inc.

WOOSTER CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. Department of Education					
(Passed Through State Department of Education):					
Title I	84.010	C1-S1-03	\$ 385,654 (D)	365,469	\$ 0
Title I	84.010	C1-SD-03	10,049	1,129	0
Title I	84.010	C1-S1-02	(29,791) (D)	121,513	0
<i>Total Title I</i>			<u>365,912</u>	<u>488,111</u>	<u>0</u>
IDEA-B	84.027	6B-SF-03P	492,953	484,829	0
Access Grant "Close the Gap"	84.027	6B-SD-03P	14,607	3,250	0
Title VI-B	84.027	6B-SF-02P	1,440	14,821	0
<i>Total Title VI-B, IDEA-B and Close the Gap</i>			<u>509,000</u>	<u>502,900</u>	<u>0</u>
Safe & Drug Free Community Service Grant	84.184C	T4-S1-03	1,583	5,276	0
<i>Total Safe & Drug Free Comm Serv Grant</i>			<u>1,583</u>	<u>5,276</u>	<u>0</u>
Drug Free Schools	84.186	DR-S1-03	21,752 (D)	21,742	0
Drug Free Schools	84.186	DR-S1-02	(728) (D)	0	0
Drug Free Schools	84.186	DR-S1-01	0	314	0
<i>Total Drug Free Schools</i>			<u>21,024</u>	<u>22,056</u>	<u>0</u>
Eisenhower Grant	84.281	MS-S1-02	(21,789) (E)	588	0
<i>Total Eisenhower Grant</i>			<u>(21,789)</u>	<u>588</u>	<u>0</u>
Title V - Innovative Programs	84.298	C2-S1-03	68,594 (D)	68,550	0
Title VI	84.298	C2-S1-02	(3,237) (D)	6,330	0
<i>Total Title V and VI</i>			<u>65,357</u>	<u>74,880</u>	<u>0</u>
Title II-D	84.318	TJ-S1-03	4,203	4,203	0
Tech Literacy Challenge Fund	84.318	TLCF	0	12,166	0
<i>Total II-D</i>			<u>4,203</u>	<u>16,369</u>	<u>0</u>
Advanced Placement Program	84.330	AV-S1-03	100	100	0
<i>Total Advanced Placement Program</i>			<u>100</u>	<u>100</u>	<u>0</u>
Title VI-R	84.340	CR-S1-02	(13,340) (E)	20,125	0
<i>Total VI-R</i>			<u>(13,340)</u>	<u>20,125</u>	<u>0</u>
Federal Emergency Repair Program	84.352A	45120	102,974	23,086	0
Assistive Technology Infusion Project - Rd 1	84.352A	AT-S3-02	10,812	10,804	0
Assistive Technology Infusion Project - Rd 2	84.352A	AT-S2-02	5,645 (C)	5,645	0
Assistive Technology Infusion Project - Rd 3	84.352A	AT-S1-02	(323) (C)	3,166	0
<i>Total School Renovation, and Tech</i>			<u>119,108</u>	<u>42,701</u>	<u>0</u>
Tilte II-A	84.367	TR-S1-03	88,606 (E)	69,378	0
<i>Total Title II-A</i>			<u>88,606</u>	<u>69,378</u>	<u>0</u>
Total U.S. Department of Education			<u>1,139,764</u>	<u>1,242,484</u>	<u>0</u>
U. S. Department of Health & Human Services					
(Passed Through State Department of MRDD):					
Medical Assistance Program/CAFS	93.778		167,780	167,780	0
U. S. Department of Interior					
(Passed Through National Park Service):					
Save America's Treasures Grant	15.AAI	39-02-ML-1242	375,587	416,197	0
U. S. Department of Agriculture					
(Passed Through State Department of Education):					
Nutrition Cluster:					
Food Distribution Program (A)	10.550		72,871	0	94,320
School Breakfast Program	10.553		80,707	80,707	0
National School Lunch Program (B)	10.555		434,195	434,195	0
Special Milk Program for Children	10.556		6,678	6,678	0
Total U.S. Department of Agriculture: Nutrition Cluster			<u>594,451</u>	<u>521,580</u>	<u>94,320</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,277,582</u>	<u>\$ 2,348,041</u>	<u>\$ 94,320</u>

- (A) Represents difference between market value less cost to District.
(B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.
(C) Reimbursement recorded as a reduction of expenditure on the District's books.
(D) Prior year funds have been roll-forward to the current year special cost center.
(E) The Eisenhower Grant and the Title VI-R have been rolled into the Title II-A program

**WOOSTER CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non- compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Title I - CFDA # 84.010 Save America's Treasures Grant - CFDA # 15.AAI
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

WOOSTER CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2003
Page 2

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

NONCOMPLIANCE

Finding Number	2003-001
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GAAP Reporting

Ohio Admin. Code Section 117-2-03 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For the fiscal year 2003, the District prepared its financial statements on the basis of accounting formerly prescribed and permitted by the Auditor of State, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None noted.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 21, 2004**