



**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2004**



**Auditor of State  
Betty Montgomery**



**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Wickliffe City School District  
Lake County  
2221 Rockefeller Road  
Wickliffe, Ohio 44092

To the Board of Education:

We have audited the accompanying financial statements of the Wickliffe City School District, Lake County, (the District) as of and for the year ended June 30, 2004. 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 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 § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Notes 2 and 3, the accompanying financial statements and notes have been prepared on an accounting basis not in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the accompanying financial statements do not present fairly the financial position, results of operations, and cash flows, where applicable, of the Wickliffe City School District, Lake County, Ohio, as of and for the year ended June 30, 2004 in accordance with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements. The Federal Awards Receipts and Expenditures Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the District's financial statements. For the reasons stated in the third paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2004, or it changes in financial position or its cash flows for the year then ended. Therefore we are unable to express, and we do not express, an opinion on the Federal Awards Receipts and Expenditures Schedule.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 18, 2005

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

COMBINED STATEMENT OF CASH AND CASH EQUIVALENTS  
AND FUND CASH BALANCES  
ALL FUND TYPES  
AS OF JUNE 30, 2004

<b>Cash and Cash Equivalents</b>	<b><u>\$ 3,255,495</u></b>
CASH BALANCES BY FUND TYPE	
Governmental Fund Types:	
General Fund	\$ 2,235,735
Special Revenue Funds	194,594
Debt Service Fund	168,913
Capital Projects Funds	401,766
Expendable Trust Funds	128,005
Proprietary Fund Types:	
Enterprise Funds	79,924
Internal Service Funds	3,690
Non-Expendable Trust Fund	5,165
Fiduciary Fund Type:	
Agency Funds	37,703
<b>Total</b>	<b><u>\$ 3,255,495</u></b>

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

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2004

	Governmental Fund Types	
	General	Special Revenue
<b>Cash receipts:</b>		
Property tax and other local taxes	\$ 12,061,718	\$ -
Intergovernmental	3,379,764	1,266,775
Tuition	98,925	-
Earnings on investments	38,151	557
Food Services	-	-
Extracurricular Activities	-	145,067
Classroom Materials and Fees	55,186	-
Intermediate Grant Source	-	1,080
Miscellaneous	192,596	44,905
Total cash receipts	<u>15,826,340</u>	<u>1,458,384</u>
<b>Cash disbursements:</b>		
Instruction		
Regular	6,902,218	92,081
Special	1,751,468	163,777
Vocational Education	126,744	-
Other Instruction	552,179	-
Supporting Services		
Pupils	881,206	293,208
Instructional Staff	507,044	62,912
Board of Education	119,481	-
Administration	1,216,607	50,633
Fiscal Services	539,914	-
Operation and Maintenance of Plant	2,218,507	55,339
Pupil Transportation	1,358,026	-
Non-Instructional Services	17,085	500,958
Extracurricular Activities	344,621	152,916
Facilities Acquisition and Construction	348,164	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total cash disbursements	<u>16,883,264</u>	<u>1,371,824</u>
Total receipts over/(under) disbursements	<u>(1,056,924)</u>	<u>86,560</u>
<b>Other financing receipts and (disbursements):</b>		
Sale of Fixed Assets	30,416	-
Transfers-In	483,208	24,338
Transfers-Out	(322,068)	(6,000)
Advances-In	1,860,633	164,401
Advances-Out	(1,662,034)	(377,884)
Refund of Prior Year Receipts	(7,062)	(2,666)
Refund of Prior Year Expenditures	190,448	12
Total other financing receipts/(disbursements)	<u>573,541</u>	<u>(197,799)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(483,383)	(111,239)
Fund cash balances, July 1, 2003	2,719,118	305,833
<b>Fund cash balances, June 30, 2004</b>	<u>\$ 2,235,735</u>	<u>\$ 194,594</u>
<b>Reserves for encumbrances, June 30, 2004</b>	<u>\$ 601,642</u>	<u>\$ 209,748</u>

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

Governmental Fund Types		Fiduciary Fund Type	Totals
Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
\$ 305,359	\$ -	\$ -	\$ 12,367,077
1,598	-	-	4,648,137
-	-	-	98,925
-	-	4,055	42,763
-	-	275	275
-	-	775	145,842
-	-	-	55,186
-	-	-	1,080
-	-	3,886	241,387
<u>306,957</u>	<u>-</u>	<u>8,991</u>	<u>17,600,672</u>
-	42,239	-	7,036,538
-	-	-	1,915,245
-	-	-	126,744
-	-	-	552,179
-	-	-	1,174,414
-	-	-	569,956
-	-	-	119,481
-	-	-	1,267,240
-	-	-	539,914
-	18,327	-	2,292,173
-	-	-	1,358,026
-	-	15,341	533,384
-	-	-	497,537
-	19,639	-	367,803
283,459	-	-	283,459
64,255	-	-	64,255
<u>347,714</u>	<u>80,205</u>	<u>15,341</u>	<u>18,698,348</u>
<u>(40,757)</u>	<u>(80,205)</u>	<u>(6,350)</u>	<u>(1,097,676)</u>
-	-	-	30,416
108,272	-	-	615,818
-	(441,005)	-	(769,073)
-	576	-	2,025,610
-	(576)	-	(2,040,494)
-	(576)	-	(10,304)
-	-	-	190,460
<u>108,272</u>	<u>(441,581)</u>	<u>-</u>	<u>42,433</u>
67,515	(521,786)	(6,350)	(1,055,243)
101,398	923,552	134,355	4,184,256
<u>\$ 168,913</u>	<u>\$ 401,766</u>	<u>\$ 128,005</u>	<u>\$ 3,129,013</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,871</u>	<u>\$ 813,261</u>

**WICKLIFFE CITY SCHOOLS DISTRICT  
LAKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2004

	Proprietary Fund Types			Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Non Expendable Trust	Agency	
<b>Operating cash receipts:</b>					
Tuition	\$ 8,115	\$ 550,836	\$ -	\$ -	\$ 558,951
Food Services	221,363	-	-	-	221,363
Extracurricular Activities	-	1,061	-	48,990	50,051
Charges for Services	-	1,623,803	-	-	1,623,803
Earnings on Investments	-	-	890	103	993
Miscellaneous Receipts	49,121	-	-	4,481	53,602
Total operating cash receipts	<u>278,599</u>	<u>2,175,700</u>	<u>890</u>	<u>53,574</u>	<u>2,508,763</u>
<b>Operating cash disbursements:</b>					
Personal Services	225,161	411,949	-	-	637,110
Employees Retirement and Insurance	108,523	155,130	-	-	263,653
Purchased Services	12,428	10,001	-	-	22,429
Supplies and Materials	146,421	6,189	-	14,814	167,424
Capital Outlay	5,574	2,377	-	-	7,951
Other Expenditures	-	1,622,861	372	36,991	1,660,224
Total operating cash disbursements	<u>498,107</u>	<u>2,208,507</u>	<u>372</u>	<u>51,805</u>	<u>2,758,791</u>
Operating loss	(219,508)	(32,807)	518	1,769	(250,028)
<b>Non-operating cash receipts:</b>					
State Receipts	4,895	-	-	-	4,895
Federal Receipts	90,031	-	-	-	90,031
Total non-operating cash receipts	<u>94,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,926</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	<u>(124,582)</u>	<u>(32,807)</u>	<u>518</u>	<u>1,769</u>	<u>(155,102)</u>
Transfers-In	137,696	-	-	15,559	153,255
Advances-Out	(130,185)	(1,351,988)	-	-	(1,482,173)
Advances-In	130,185	1,366,872	-	-	1,497,057
Net disbursements over receipts	13,114	(17,923)	518	17,328	13,037
Fund cash balances, July 1, 2003	66,810	21,613	4,647	20,375	113,445
<b>Fund cash balances, June 30, 2004</b>	<u>\$ 79,924</u>	<u>\$ 3,690</u>	<u>\$ 5,165</u>	<u>\$ 37,703</u>	<u>\$ 126,482</u>
<b>Reserve for encumbrances, June 30, 2004</b>	<u>\$ 9,771</u>	<u>\$ 4,979</u>	<u>\$ 200</u>	<u>\$ 5,612</u>	<u>\$ 20,562</u>

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

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

COMBINED STATEMENT OF RECEIPTS  
BUDGET AND ACTUAL COMPARISON  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Governmental Fund Types:</b>			
General Fund	\$ 13,480,274	\$ 16,530,412	\$ 3,050,138
Special Revenue Funds	1,292,625	1,482,734	190,109
Debt Service Fund	324,560	415,229	90,669
Capital Projects Funds	-	-	-
<b>Proprietary Fund Types:</b>			
Internal Service Funds	2,191,878	2,175,700	(16,178)
Enterprise Funds	468,135	511,221	43,086
<b>Fiduciary Fund Types:</b>			
Expendable Trust Fund	-	8,991	8,991
Non-Expendable Trust Funds	572	890	318
Agency Funds	37,042	69,133	32,091
<b>Total (Memorandum Only)</b>	<b>\$ 17,795,086</b>	<b>\$ 21,194,310</b>	<b>\$ 3,399,224</b>

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

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2004

	Prior Year Carryover <u>Appropriations</u>	2004 <u>Appropriations</u>
<b>Governmental Fund Types:</b>		
General Fund	\$ 1,366,995	\$ 17,021,856
Special Revenue Funds	179,834	1,420,483
Debt Service Fund	-	347,714
Capital Projects Funds	55,470	466,316
<b>Proprietary Fund Type:</b>		
Internal Service Funds	18,983	2,194,503
Enterprise Funds	16,737	501,705
<b>Fiduciary Fund Types:</b>		
Expendable Trust Fund	1,047	16,165
Non-Expendable Trust Funds	-	572
Agency Funds	2,551	54,866
<b>Total (Memorandum Only)</b>	<u>\$ 1,641,617</u>	<u>\$ 22,024,180</u>

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

<u>Total</u>	<u>Actual 2004 Disbursements</u>	<u>Encumbrances Outstanding at 6/30/2004</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 18,388,851	\$ 17,212,394	\$ 601,642	\$ 17,814,036	\$ 574,815
1,600,317	1,380,490	209,748	1,590,238	10,079
347,714	347,714	-	347,714	-
521,786	521,786	-	521,786	-
2,213,486	2,208,507	4,979	2,213,486	-
518,442	498,107	9,771	507,878	10,564
17,212	15,341	1,871	17,212	-
572	372	200	572	-
57,417	51,805	5,612	57,417	-
<u>\$ 23,665,797</u>	<u>\$ 22,236,516</u>	<u>\$ 833,823</u>	<u>\$ 23,070,339</u>	<u>\$ 595,458</u>

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**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**1. DESCRIPTION OF THE ENTITY**

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

The District serves an area of approximately four square miles consisting of the corporate limits of the City of Wickliffe. It is staffed by 117 support employees and 135 certificated employees who provide services to approximately 1,500 pupils and other community members.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**A. Reporting Entity**

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

Non-public Schools – Within the District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the treasurer of the District, as directed by the non-public school. These transactions are reflected as a governmental activity of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

The District participates in three jointly governed organizations, a claims servicing pool and an insurance purchasing pool. These organizations are the East Shore Regional Transportation System, the East Shore Center, the Ohio Schools Council, the Lake County Council of Governments Health Care Benefits Program, and the Ohio School Boards' Association Workers' Compensation Group Rating Program which are presented in Note 9, 10 and 14 to the financial statements.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Although required by Ohio Administrative Code § 117-2-3(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when 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).

By virtue of Ohio law, the District is required to maintain the encumbrance method of accounting and to make appropriations.

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

The District uses fund accounting to segregate cash and investments which are restricted to use. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

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

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's governmental fund types:

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

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

Debt Service Fund – This fund is used for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest.

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

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting (Continued)**

PROPRIETARY FUND TYPES

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

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

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

FIDUCIARY FUND TYPES

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the District to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds consist of non-expendable and expendable trust funds and agency funds.

**B. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Budgetary Process (Continued)**

Budget

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

Estimated Resources

The Lake County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1 this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30 the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2003, unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

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

**C. Property, Plant, and Equipment**

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

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. 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 basis of accounting used by the District.

**E. Cash and Investments**

The District maintains a cash and investment pool which is available for all funds. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the Combined Statement of Cash and Cash Equivalents and Fund Cash Balances. During fiscal year 2004, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and certificates of deposit. All investments of the District had a maturity of two years or less. Investments are stated at cost. Investment earnings are allocated as authorized by State statute and Board resolution.

**F. Total Columns on Financial Statements**

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

**3. ACCOUNTING CHANGE**

During fiscal year 2004, the District changed its method of accounting from generally accepted accounting principles to a basis in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The change in accounting method had the following affect on fund balances as previously reported.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**3. ACCOUNTING CHANGE (Continued)**

	Governmental Funds				Agency Funds	Total
	General Fund	Other Governmental Funds	Internal Service			
Fund Balance/Net Assets as						
Previously Reported at June 30, 2003	\$ 3,634,355	\$ 1,484,398	\$ (199,430)	\$ 20,375	\$	4,939,698
Prior Year Net Accrual Adjustments	(893,624)	52,197	199,430	-	-	(641,997)
Net Fund Balance/Net Assets	<u>\$ 2,740,731</u>	<u>\$ 1,536,595</u>	<u>\$ -</u>	<u>\$ 20,375</u>	<u>\$</u>	<u>4,297,701</u>

<u>Fund Type</u>						<u>Adjusted Balances at July 1, 2003</u>
General Fund	\$ 2,719,118					\$ 2,719,118
Special Revenue Funds		305,833				305,833
Debt Service Fund		101,398				101,398
Capital Project Funds		923,552				923,552
Enterprise Funds		66,810				66,810
Internal Service Funds	21,613		-			21,613
Non-Expendable Trust Fund		4,647				4,647
Expendable Trust Funds		134,355				134,355
Agency Funds				20,375		20,375
Total	<u>\$ 2,740,731</u>	<u>\$ 1,536,595</u>	<u>\$ -</u>	<u>\$ 20,375</u>	<u>\$</u>	<u>4,297,701</u>

**4. 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 that the Board of Education has identified as not required for use within the current 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 or deposit accounts including passbook accounts.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**4. CASH AND INVESTMENTS (Continued)**

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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 monies available for investment at any one time; and
8. Under limited circumstances, 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 School 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.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**4. CASH AND INVESTMENTS (Continued)**

Cash on Hand: At year end, the District had \$840 in un-deposited cash on hand.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$3,255,495 and the bank balance was \$4,047,014. Of the bank balance, \$407,284 was covered by federal depository insurance and, \$3,639,730 was uninsured and uncollateralized. Although all State statutory requirements for the deposits of money had been followed, noncompliance with federal requirements could subject the District to a successful claim by the FDIC.

Investments: The repurchase agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the name of the District. The financial institution maintains records identifying the District as owner of these securities. STAR Ohio is an unclassified investment since it is not evidenced by securities which exist in physical or book entry form.

The carrying amount of cash and investments at June 30 was as follows:

Demand deposits	\$ (447,785)
Repurchase Agreements	201,911
STAR Ohio	2,380,125
Certificates of Deposit	<u>1,120,404</u>
<i>Total Investments</i>	3,702,440
Cash on Hand	<u>840</u>
<i>Total cash, deposits, and investments</i>	<u>\$3,255,495</u>

**5. PROPERTY TAXES**

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2003.

Real property taxes become a lien on all nonexempt real property located in the District on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate applied to real property, for the fiscal year ended June 30, 2004, was \$61.38 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$27.18 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$40.11 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**5. PROPERTY TAXES (Continued)**

Owners of tangible personal property are required to file a list of such property including costs, 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 fiscal year ended June 30, 2004, was \$61.38 per \$1,000 of assessed valuation.

Real Property Valuation	
Residential/Agricultural	\$228,290,030
Commercial/Industrial	73,115,860
Public Utility Tangible	8,903,290
General Tangible	<u>48,412,915</u>
Total Valuation	<u>\$358,722,095</u>

The Lake County Treasurer collects property tax on behalf of all taxing districts within the District. The Lake County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

**6. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2004, the District contracted with Indiana Insurance Company for property, fleet, liability, inland marine, crime, general liability, errors & omissions and sexual misconduct & molestation liability coverage. Additionally, the District had an umbrella policy.

<u>PROPERTY COVERAGE:</u>	<u>LIMITS</u>	<u>PREMIUM</u>
Blanket Property Limit - 90% Coinsurance	\$47,087,426	Included
Special Cause of Loss Form	\$2,500 Deductible	Included
Agreed Value / Replacement Cost		Included
Business Income	\$250,000	Included
Extra Expense	\$500,000	Included
Earthquake Coverage		Not Quoted
Flood Coverage		Not Quoted
Equipment Breakdown-subject to policy limits	\$2,500 Deductible	Included
Building Ordinance or Law Coverage	Policy Limit-Undamaged Portion	Included
	\$250,000 Demolition	
	\$250,000 Increased Cost	
Money & Securities @ Deductible = \$250.	\$25,000 Limit Inside	Included
	\$25,000 Limit Outside	Included

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**6. RISK MANAGEMENT (Continued)**

**PROPERTY COVERAGE EXTENSIONS:**

➤ Personal Effects/Property of Others	\$25,000
(Sub-limits of \$10,000 - employees and \$2,500 - students will apply)	
➤ Property off Premises	\$50,000
➤ Back-up of Sewers or drains	\$25,000
➤ Foundations	Covered
➤ Lock Replacement	\$1,000
➤ Fire Department Service Charge	\$25,000
➤ Fine Arts	\$25,000
➤ Outdoor Property (fences/lighting/signs/trees)	\$25,000
➤ Accounts Receivable	\$100,000
➤ Fire Protective Device Recharge	\$25,000
➤ Loss of Refrigeration	\$25,000
➤ Glass Coverage	Part of Building
➤ Newly Acquired Property	180 Days
➤ Buildings	\$1,000,000
➤ Personal Property	\$1,000,000
➤ Property In Transit	\$50,000
➤ Glass Showcases	\$2,500
➤ Paved Surfaces	\$100,000
➤ Debris Removal 25% of loss (plus \$25,000 Additional)	
➤ Outdoor Property (bleachers/playgrounds/scoreboards)	\$100,000

**INLAND MARINE COVERAGE:**

	<b><u>LIMITS</u></b>	<b><u>PREMIUM</u></b>
Contractor Equipment	\$50,000	Included
Valuable Papers - \$250 Deductible	\$200,000	Included
Miscellaneous Property	\$10,000	Included
Radios	\$36,400	Included
School Band Uniforms/Robes	\$50,000	Included
School Athletic Equipment/Uniforms	\$50,000	Included
School Musical Instruments	\$50,000	Included
Fine Arts	\$50,000	Included
Signs Attached or Not Attached to Buildings	\$10,000	Included
Dwellings under Construction by vocational Shop classes	\$100,000	Included

**CRIME COVERAGES:**

Theft, Disappearance and Destruction	\$15,000 Inside	Included
	\$15,000 Outside	Included

**WICKLIFFE CITY SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**6. RISK MANAGEMENT (Continued)**

**BUSINESS AUTO POLICY**

**BUSINESS AUTO POLICY COVERAGE:**

<b><u>LIMITS</u></b>	<b><u>PREMIUM</u></b>	
Auto Liability - Combined Single Limit	\$1,000,000	Included
Uninsured Motorist Liability	\$500,000	Included
Terrorism Risk Insurance Act:		Included
Medical Payments	\$5,000	Included
Comprehensive (ACV) & Towing	\$100 Deductible	Included
Collision (ACV)	\$250 Deductible	Included
Hired & Non-Owned Liability	\$1,000,000	Included
Payment Plan		Quarterly

**AUTOMOBILE COVERAGE EXTENSIONS:**

<ul style="list-style-type: none"> <li>➤ Who is an Insured Extended to Include -</li> <li>➤ Additional Insured</li> <li>➤ Supplementary Payments</li> <li>➤ Fellow Employees</li> <li>➤ Hired Physical Damage</li> </ul>	<p>Employees Any Volunteer Worker Any Corporate Entity</p> <p>Automatically includes coverage for entities when the insured agrees to provide Insurance by written contract or agreement</p> <p>\$2,500. Cost Bail Bonds \$300. A day loss earnings</p> <p>waives the exclusion for all employees</p> <p>\$50,000. Limit deductible waived for fire or lightning loss \$500 per accident for lessor's loss of</p>
<p>use</p> <ul style="list-style-type: none"> <li>➤ Towing &amp; Labor</li> <li>➤ Additional Transportation Expense</li> <li>➤ Rental Reimbursement</li> <li>➤ Broadened Extra Expense covers expense of returning a stolen covered auto</li> <li>➤ Personal Effects \$600 coverage, if stolen with the vehicle</li> <li>➤ Airbag Coverage mechanical breakdown for accidental discharge of airbag</li> <li>➤ Broadened Sound Receiving/Reproducing exclusion waived for permanently installed equipment Coverage</li> <li>➤ Lease Gap Coverage covers gap between loan/lease amt. &amp; ACV</li> <li>➤ Glass repair deductible waiver waives deductible for glass repair</li> <li>➤ Bodily Injury extended to include Mental Anguish, Shock, fright.</li> </ul>	<p>\$50 / disablement - cars &amp; light trucks \$150 / disablement - medium trucks \$50 per day; \$1,000 maximum \$1,000 per loss</p>

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**6. RISK MANAGEMENT (Continued)**

**GENERAL LIABILITY COVERAGE:**

**SPECIFIC COVERAGES**

	<b><u>LIMITS</u></b>	<b><u>PREMIUM</u></b>
General Liability – General Aggregate	\$2,000,000	Included
Products/Completed Operations Aggregate	\$2,000,000	Included
Personal & Advertising Injury	\$1,000,000	Included
General Liability – Each Occurrence	\$1,000,000	Included
Fire Damage Liability	\$100,000	Included
Medical Payments (excluding students)	\$15,000	Included
Employee Benefits Liability - \$1,000. Deductible	\$1,000,000	Included
Employers Stop Gap Liability – Basic Coverage	\$1,000,/\$1,000,/\$1,000	Included
School Leaders Errors & Omissions Liability	\$1,000,000	Included
- \$2,500. Deductible		
- Includes Employment Related Practice Liability		

**GENERAL LIABILITY COVERAGE EXTENSIONS:**

Who is an Insured	-Employees, Board Members, Any volunteer worker, Parent Support Groups, Student Groups, and Student Teachers.
Extended to Include:	
Bodily Injury extended to include	-Failure to render covered professional service, Mental Anguish, Shock, and Fright.
School Broadcasting & Publication	-Personal Injury & Advertising Injury.
Medical Payments	\$15,000 Limit - Volunteer workers included.
Additional Insureds	-automatically includes coverage for entities when the insured agrees to provide insurance by written contract or agreement.
Fellow Employees	-waives the exclusion for all employees.
Supplementary Payments	-\$2,500 cost for Bail Bonds. -\$300 A day loss of earnings.
Non-Owned Aircraft	Exclusion grants coverage if no other insurance is available to the insured.
Non-Owned Watercraft	Extends coverage to under 51 feet.
Corporal Punishment	Policy Limits apply.

**WICKLIFFE CITY SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**6. RISK MANAGEMENT (Continued)**

**SCHOOL LEADERS ERRORS & OMISSIONS LIABILITY:**

Who is an Insured Extended to Include	-Employees	-Board Members
	-Any Volunteer Worker	-Student Teachers
Administrative Proceedings conducted by a Governmental agency	-Included	
	-Discrimination	
Employment Related Practices	-Sexual Harassment	
	-Wrongful Termination	
Non-governmental suits alleging discrimination or failure to integrate		-\$50,000 Limit, defense only coverage
Suits involving Asbestos		-\$50,000 Limit, defense-only coverage
Claims seeking injunctive relief or other non-Monetary relief		-\$100,000 Limit, defense-only coverage
Failure to educate claims	-Included	
Budget dispute claims	-Included	

**SEXUAL MISCONDUCT & MOLESTATION LIABILITY COVERAGE:**

Policy Limit - \$1,000,000.	-Additional Premium Included	
Who is an Insured Extended to Include	-Employees	-Board Members
	-Any volunteer worker	-Student Teachers
Negligent employment, investigation, supervision or retention	-Included	
Negligent handling of complaints	-Included	
Innocent Party Defense (17-172)		-\$300,000 Limit

**UMBRELLA POLICY:**

<b><u>Retained Limit: \$10,000</u></b>	<b><u>LIMITS</u></b>	<b><u>PREMIUM</u></b>
Limits of Liability – Each Occurrence-	\$2,000,000	Included
Limits of Liability – Aggregate-	\$2,000,000	Included
Excess Employee Benefits Liability Coverage-	Included	Included
Excess Auto Liability Coverage		
Excludes UM/UIM-	\$2,000,000	Included
Excess Sexual Misconduct & Molestation Liability Coverage-	Included	Included
Excess School Leaders Errors & Omissions Liability Coverage-	Included	Included

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**6. RISK MANAGEMENT (Continued)**

**ANNUAL PREMIUM:**

Quarterly Payment Plan Available

Package	\$55,278
Terrorism Act	1,950
Auto	24,608
Terrorism Act	71
Umbrella	8,163
Terrorism Act	<u>245</u>
Total Annual Premium:	<u>\$90,315</u>

Travelers Insurance:

Boiler & Machinery / Equipment	
Breakdown As per expiring	
Annual Premium	\$ 4,030
Total Annual Premium:	<u>\$94,345</u>

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2003.

**SELF-INSURANCE**

The School District uses an internal service fund to record and report their self-funded health care insurance program. Premium rates are set based on an annual review process with the School District insurance consultant. Employees of the School district contribute to the monthly cost of the plans. Monthly contributions are placed in the internal service fund.

The claims liability of \$249,125 at June 30, 2004 was estimated by the third party administrator and is based on the requirements of GASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2004 were:

	Balance at <u>Beginning of Year</u>	Current Year <u>Claims</u>	Claims <u>Payments</u>	Balance at <u>End of Year</u>
2003	\$401,950	\$1,292,498	\$1,495,018	\$199,430
2004	199,430	1,319,047	1,269,352	249,125

**WORKERS' COMPENSATION**

The School District pays the State Self Insurance and Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**7. RETIREMENT SYSTEMS**

Certified teachers employed by the District participate in the State Teachers Retirement System of Ohio (STRS). The District's officials and all other employees belong to the School Employees Retirement System of Ohio (SERS). STRS and SERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. STRS members contributed 10.5 percent of their wages and the District contributed an amount equal to 14 percent of participants' gross salaries. SERS members contributed 10 percent of their wages and the District contributed an amount equal to 14 percent for of participants' gross salaries. The District has paid all contributions required through June 30, 2004.

**8. DEBT OBLIGATIONS**

The following is a description of the District bonds outstanding as of June 30, 2004:

	Principal Outstanding 06/30/03	Additions	Deductions	Principal Outstanding 06/30/04
General Obligation Library Improvements:				
1995 Issue, 5.46%	\$ 415,000	\$ -	\$ 95,000	\$ 320,000
1996 Issue, 5.50%	425,000		100,000	325,000
Energy Con. Improv. Bonds - 1997	353,831		88,459	265,372
Total General Long-Term Obligations	<u>\$1,193,831</u>	<u>\$ -</u>	<u>\$283,459</u>	<u>\$910,372</u>

Library Improvement Bonds – 1995 & 1996

Proceeds from the outstanding library improvement bonds were used for an addition to the Wickliffe Public Library. The construction and improvements included additional collection space, meeting space and improved administrative offices. The bonds were issued in 1995 and 1996, respectively and will mature on December 1, 2006.

Energy Conservation Improvement Bonds – 1997

Proceeds from the outstanding energy conservation improvement bonds were used to improve energy efficiency within the school district. The project encompassed the removal and replacement of district boilers, retrofitting of lighting systems and replacement of cafeteria windows at the high school. The bonds were issued in 1997 and will mature on June 1, 2007.

**WICKLIFFE CITY SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**8. DEBT OBLIGATIONS (Continued)**

Principal and interest requirements to retire the library improvements and energy conservation bonds outstanding at June 30, 2004 are as follows:

Fiscal Year Ending <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$293,457	\$43,954	\$337,411
2006	303,457	27,807	331,264
2007	<u>313,459</u>	<u>11,206</u>	<u>324,664</u>
Total	<u>\$910,373</u>	<u>\$82,967</u>	<u>\$993,339</u>

**9. JOINTLY GOVERNED ORGANIZATIONS**

**East Shore Regional Transportation System** – The East Shore Regional System (ESRTA) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2004, the School District paid \$324,810 to the transportation system. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9252 Chillicothe Road, Kirtland, Ohio 44094.

**East Shore Center** – The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts.

The governing board consists of the superintendent of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. East Shore Center is not accumulating significant resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Painesville, Ohio 44077.

**Ohio Schools Council** – The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participating fee. The council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2004, the school District paid \$704 to the Council. Financial information can be obtained by contacting the executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44101.

**WICKLIFFE CITY SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**9. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Ohio Schools Council (Continued)**

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these twelve estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative cost

**10. CLAIMS SERVICING POOL**

The School District participates in the Lake County Council of Governments Health Care Benefits Program (HCBP) Self Insurance Program, a claims servicing pool comprised of eleven Lake County school districts. Each school district has a representative on the assembly (usually the superintendent or designee). Each member pays an administrative fee to the pool. The plan's business and affairs are conducted by a five member Board of Directors. All participating members retain their risk and are completely responsible for paying their own claims. The HCBP acts solely as the claims servicing agent.

**11. CONTINGENCIES**

**Grants**

The School District receives financial assistance from Federal and State agencies in the forms 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 adverse effect on the overall financial position of the School District at June 30, 2004.

**Litigation**

As of June 30, 2004, the School District was not party to any legal proceedings.

**WICKLIFFE CITY SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**12. SET ASIDE REQUIREMENTS**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2004.

	Instructional Materials	Capital Maintenance
Balance June 30, 2003	\$ (371,505)	\$ -
Required set-aside	210,479	210,479
Qualifying expenditures	(346,138)	(418,284)
Balance June 30, 2004	\$ (507,164)	\$ (207,805)
Balance carried forward to FY 2005	\$ (507,164)	\$ -

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

**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. INSURANCE PURCHASING POOL**

**Ohio School Board Association's Workers' Compensation Group Rating Program** – The School District participates in the Ohio School Board Association's (OSBA) 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 OSBA. The Director of 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

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**15. COMPLIANCE AND ACCOUNTABILITY**

**A. Appropriations exceeding Estimated Resources plus Unencumbered Balances**

As of March 31, 2004 the District had the following funds in violation of Ohio Revised Code Section 5705.39, appropriations exceeding estimated resources.

<u>Fund</u>	<u>Estimated Resources Plus Unencumbered Balances</u>	<u>Appropriations</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Other Grants	\$8,753	\$9,199	\$446
Athletics/Band	145,759	189,657	43,898
Auxiliary Services	420,000	452,356	32,356
Entry Year Program	719	4,019	3,300
Schoolnet Prof. Dev.	4,599	8,740	4,141
Ohio Reads	0	12,500	12,500
Student Intervention	0	25,683	25,683
IDEA Part 4	276,179	306,179	30,000
Title 1	298,330	300,654	2,324
Chapter 2	12,345	12,819	474
Drug Free Schools	5,699	6,892	1,193
Preschool Disabilities	8,105	10,348	2,243
Other Federal Grants	6,362	8,075	1,713
<b>Capital Projects Fund:</b>			
Schoolnet Plus	18,858	19,434	576
<b>Enterprise Fund:</b>			
Food Service	440,000	450,799	10,799
<b>Agency Fund:</b>			
Student Activity	52,824	84,772	31,948

These variances were corrected by June 30, 2004.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**15. COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Expenditures and Encumbrances Exceeding Appropriations**

As of March 31, 2004, the District had the following fund, function and object level line items in violation of Ohio Revised Code Section 5705.41(B) and (D), expenditures and encumbrances exceeding appropriations.

<u>Fund</u>	<u>Function</u>	<u>Object</u>	<u>Appropriation</u>	<u>Expenditures and Encumbrances</u>	<u>Variance</u>
<b>General Fund</b>	Spec. Education	Retirement & Insurance	\$ -	\$156,469	\$156,469
	Voc. Education	Purchased Services	36,427	37,434	1,007
	Support Serv./Pupil	Retirement & Insurance	765	116,539	115,774
	Support Serv./Pupil	Purchased Services	92,638	205,632	112,994
	Support Serv./Instr.	Retirement & Insurance	10,000	109,935	99,935
	Support Serv./Board	Purchased Services	30,522	37,366	6,844
	Support Serv./Adm.	Retirement & Insurance	-	271,395	271,395
	Fiscal Services	Retirement & Insurance	-	58,204	58,204
	Fiscal Services	Supplies and Materials	1,613	1,854	241
	Fiscal Services	Other Objects	149,177	234,107	84,930
	Support Serv./Bus.	Supplies and Materials	35	6,485	6,450
	Operation & Maint.	Retirement & Insurance	19,259	192,773	173,514
	Operation & Maint.	Purchased Services	1,060,003	1,143,086	83,083
	Operation & Maint.	Capital Outlay	13,997	16,118	2,121
	Operation & Maint.	Replacement Capital	33,105	183,004	149,899
	Transportation	Retirement & Insurance	-	258,440	258,440
	Transportation	Supplies and Materials	81,530	127,054	45,524
	Support Serv./Cent.	Personal Services	4,500	12,467	7,967
	Support Serv./Cent.	Retirement & Insurance	-	1,411	1,411
	Support Serv./Cent.	Purchased Services	232,675	241,720	9,045
	Support Serv./Cent.	Supplies and Materials	37,546	45,820	8,274
	Support Serv./Cent.	Capital Outlay	41,808	43,000	1,192
	Student Prod.	Personal Services	13,250	17,030	3,780
	Student Prod.	Retirement & Insurance	-	2,365	2,365
	Sports Activities	Personal Services	182,308	244,470	62,162
	Sports Activities	Retirement & Insurance	-	36,839	36,839
	Co-Curr. Activities	Personal Services	5,983	21,992	16,009
	Co-Curr. Activities	Retirement & Insurance	-	3,171	3,171
	Site Improvement	Purchased Services	-	343	343
	Site Improvement	Capital Outlay	302,945	303,995	1,050

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(CONTINUED)

**15. COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Expenditures and Encumbrances Exceeding Appropriations (Continued)**

<u>Fund</u>	<u>Function</u>	<u>Object</u>	<u>Appropriation</u>	<u>Expenditures and Encumbrances</u>	<u>Variance</u>
<b>Enterprise Funds:</b>					
Food Service	Food Service Oper.	Purchased Services	\$6,812	\$15,546	\$8,734
Food Service	Food Service Oper.	Supplies and Materials	148,227	157,110	8,883
<b>Internal Service Fund:</b>					
Special Rotary	Support Serv./Instruct.	Retirement & Insurance	-	35,158	35,158
Special Rotary	Support Serv./Instruct.	Personal Services	32,755	56,266	23,511
<b>Special Revenue Funds:</b>					
Other Grants Auxiliary Services	Refund PY Receipt	Other Uses of Funds	38	215	177
Disadvantaged Pupils Summer Intervention	Refund PY Receipt	Other Uses of Funds	-	200	200
Title VI-B	Regular Instruction	Personal Services	10,969	11,279	310
Chapter 2 Preschool	Regular Instruction	Supplies and Materials	18,113	18,592	479
Disabilities	Community Services	Retirement & Insurance	-	184	184
Other Federal Grants	Refund PY Receipt	Other Uses of Funds	2,123	3,773	1,650
Other Federal Grants	Support	Retirement & Insurance	1,135	3,179	2,044
Other Federal Grants	Services/Instruct.	Personal Services	-	3,597	3,597
Other Federal Grants	Support	Retirement & Insurance	-	544	544
<b>Agency Fund:</b>					
Student Activity	Student Productions	Other Objects	26,457	26,878	421

These variances were corrected by June 30, 2004.

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**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**Schedule of Federal Awards Receipts and Expenditures  
for the year ended June 30, 2004**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U. S. Department of Agriculture</b>						
<i>Passed Through the Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$12,764	\$0	\$12,764
National School Lunch Program	LL-P4 03	10.555	26,557	0	26,557	0
National School Lunch Program	LL-P4 04	10.555	59,385	0	59,385	0
Fruit and Vegetable Program	VG-S1 03	10.555	5,227	0	13,740	0
Subtotal National School Lunch Program			91,169	0	99,682	0
<b>Total U. S. Department of Agriculture - Nutrition Cluster</b>			91,169	12,764	99,682	12,764
<b>U. S. Department of Education</b>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education-Grants to States	6B-SF-03P	84.027	73,777	0	29,116	0
Special Education-Grants to States	6B-SD-04P	84.027	6,000	0	2,784	0
Special Education-Grants to States	6B-SF-04	84.027	233,767	0	238,533	0
Subtotal Special Education-Grants to States			313,544	0	270,433	0
Special Education-Preschool Grants	PG-D7-03P	84.173	2,200	0	2,200	0
Special Education-Preschool Grants	PG-S1-03P	84.173	(43)	0	0	0
Special Education-Preschool Grants	PG-S1-04	84.173	8,105	0	8,105	0
Subtotal Special Education-Preschool Grants			10,262	0	10,305	0
<b>Total Special Education Cluster</b>			323,806	0	280,738	0
Title I Grants to Local Educational Agencies	C1-S1-03	84.010	81,124	0	41,404	0
Title I Grants to Local Educational Agencies	C1-S1-03	84.010	(2,324)	0	0	0
Title I Grants to Local Educational Agencies	C1-S1-04	84.010	214,386	0	213,948	0
Total Title I Grants to Local Educational Agencies			293,186	0	255,352	0
Safe and Drug-Free Schools and Communities	DR-S1-03	84.186	6,340	0	4,452	0
Safe and Drug-Free Schools and Communities	DR-S1-04	84.186	1,026	0	3,527	0
Total Safe and Drug-Free Schools and Communities			7,366	0	7,979	0
Eisenhower Professional Development	MS-S1-00	84.281	(343)	0	0	0
State Grants for Innovative Programs	C2-S1-02	84.298	(2,123)	0	0	0
State Grants for Innovative Programs	C2-S1-03	84.298	5,604	0	2,305	0
State Grants for Innovative Programs	C2-S1-04	84.298	8,852	0	8,398	0
Total State Grants for Innovative Programs			12,333	0	10,703	0

(continued)

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**Schedule of Federal Awards Receipts and Expenditures  
for the year ended June 30, 2004  
(Continued)**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U. S. Department of Education</b>						
<i>Passed Through the Ohio Department of Education:</i>						
Education Technology State Grants	TJ-S1-03	84.318	\$2,437	\$0	(\$236)	\$0
Education Technology State Grants	TJ-S1-04	84.318	6,727	0	7,504	0
Total Education Technology State Grants			9,164	0	7,268	0
Advanced Placement Program	AV-S1 03	84.330	100	0	100	0
Improving Teacher Quality State Grant	TR-S1-03	84.367	46,631	0	17,070	0
Improving Teacher Quality State Grant	TR-S1-04	84.367	49,554	0	51,848	0
Total Improving Teacher Quality State Grant			96,185	0	68,918	0
<i>Total Passed Through the Ohio Department of Education</i>			741,797	0	631,058	0
<b>Total U. S. Department of Education</b>			741,797	0	631,058	0
<b>Total Federal Assistance</b>			\$832,966	12,764	\$730,740	12,764

The accompanying notes to the Schedule of Federal Award Expenditures are an integral part of this schedule.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY  
FISCAL YEAR ENDED JUNE 30, 2004**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B—CHILD NUTRITION CLUSTER**

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local monies. It is assumed federal monies are expended first.

**NOTE C – NEGATIVE RECEIPTS**

The negative receipts for Special Education-Preschool Grants CFDA #84.173 in the amount of \$43, Title I Grants to Local Educational Agencies CFDA #84.010 in the amount of \$2,324, Eisenhower Professional Development CFDA #84.281 in the amount of \$343, State Grants for Innovative Programs CFDA # 84.298 in the amount of \$2,123 represent amounts that were transferred or refunded to the State due to expiration of period of availability.

CFDA – Catalog of Federal Domestic Assistance

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## **Auditor of State Betty Montgomery**

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

Wickliffe Board of Education  
Lake County  
2221 Rockefeller Road  
Wickliffe, Ohio 44092

To the Board of Education:

We have audited the financial statements of the Wickliffe City School District, Lake County, Ohio (the District) as of and for the year ended June 30, 2004, and have issued our report thereon dated March 18, 2005, wherein we noted the District's financial statements did not present fairly the financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. We also noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated March 18, 2005.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated March 18, 2005.

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This report is intended solely for the information and use of the audit committee, management, Board of Education, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 18, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Wickliffe Board of Education  
Lake County  
2221 Rockefeller Road  
Wickliffe, Ohio 44092

To the Board of Education:

#### Compliance

We have audited the compliance of Wickliffe City School District (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, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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 the District's compliance with those requirements.

In our opinion, the 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, 2004.

#### Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated March 18, 2005.

This report is intended for the information and use of the audit committee, management, Board of Education, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 18, 2005

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY  
JUNE 30, 2004**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

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

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY  
JUNE 30, 2004**

**SCHEDULE OF FINDINGS  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2004-001</b>
-----------------------	-----------------

**Noncompliance Citation – Annual Financial Report**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the District take the necessary steps to ensure that the annual financial report is prepared on a generally accepted accounting principles basis.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None



**Auditor of State  
Betty Montgomery**

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800-282-0370  
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**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 14, 2005**