



**Auditor of State
Betty Montgomery**

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

Table of Contents

Title	Page
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Comparison (Non-GAAP Budgetary Basis) - General Fund.....	17
Statement of Fiduciary Net Assets – Fiduciary Funds	18
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund.....	19
Notes to the Basic Financial Statements	21
Schedule of Federal Awards Expenditures.....	50
Notes to the Schedule of Federal Awards Expenditures	52
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	53
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	55
Schedule of Findings	57

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

Wauseon Exempted Village School District
Fulton County
120 East Chestnut Street
Wauseon, Ohio 43567-1443

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wauseon Exempted Village School District, Fulton County, (the District), as of and for the year ended June 30 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wauseon Exempted Village School District, Fulton County, Ohio, as of June 30 2004, and the respective changes in financial position and budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Betty Montgomery
Auditor of State

January 13, 2005

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004**

The discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2004 are as follows:

- In total, net assets increased \$471,602.
- General revenues accounted for \$13,817,669 or 86 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions, and capital grants and contributions accounted for \$2,250,568 or 14 percent of total revenues of \$16,068,237.
- The District had \$15,596,635 in expenses related to governmental activities; only \$2,250,568 of these expenses was offset by program specific charges for services, grants, or contributions. General revenues supporting governmental activity (primarily taxes and unrestricted grants and entitlements) of \$13,817,669 were adequate to provide for these programs.
- The District's major funds included the general fund and the bond debt service fund.
- The general fund had \$13,040,805 in revenues and other financing sources and \$13,062,733 in expenditures and other financing uses. There were no significant changes in the general fund revenues or expenditures between fiscal years 2003 to 2004. The general fund's balance decreased (\$21,928) from the prior fiscal year.

The revenue generated from the debt service fund is used to pay for the current portion of bonded debt. The bond retirement fund had \$1,235,272 in revenues and \$1,151,559 in expenditures. The bond retirement fund balance increased by \$83,713 from the prior year fiscal year. In 2003 the District retired the debt on energy conservation bonds resulting in a decrease in revenues and expenditures to the bond retirement fund in 2004.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
(Continued)**

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other nonmajor funds presented in total in a single column.

For the District, the general fund is by far the most significant fund. The general fund and the bond debt service fund are the only two major funds.

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all *assets* and *liabilities* using the *accrual basis of accounting* similar to accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, noninstructional services, and extracurricular activities.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
(Continued)**

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The major governmental funds are the General and Bond Retirement funds.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Reporting the District's Fiduciary Responsibilities – The District is the trustee, or fiduciary, for its scholarship programs. The activity is presented as a private purpose Trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are reported in agency fund. All of the District fiduciary activities are reported in separate Statement of Fiduciary Net Assets in accompanied financial statements. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance the operation.

The District as a Whole

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$15,901,166 and expenditures of \$15,836,678. The net positive change of \$64,488 in fund balance for the year indicates that the District is able to meet current costs.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 86.12 percent of total governmental activities revenue. Reappraisal of Real Estate property values takes place every six years and is known as the triennial update. Wauseon is scheduled for the triennial update in calendar year 2005.

The District's financial situation has improved in recent years relative to the increase in State Support in fiscal year 2003. State support increased approximately \$921,764 over fiscal year

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
(Continued)**

2003. Growth in State support is expected to be at a lesser rate than previous years as substantiated by the State's biennium budget.

Table 1 provides a summary of the District's net assets for fiscal year 2004 compared to 2003.

Table 1
Net Assets
Governmental Activities

	2004	2003
Assets		
Current and Other Assets	\$ 13,071,867	\$ 11,800,000
Capital Assets, Net	10,391,954	10,682,000
<i>Total Assets</i>	<u>23,463,821</u>	<u>22,482,000</u>
Liabilities		
Current and Other Liabilities	6,918,106	5,884,000
Long-Term Liabilities	12,283,489	12,807,000
<i>Total Liabilities</i>	<u>19,201,595</u>	<u>18,691,000</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	(833,296)	(930,000)
Restricted	1,776,780	1,262,000
Unrestricted	3,318,742	3,459,000
<i>Total</i>	<u>\$ 4,262,226</u>	<u>\$ 3,791,000</u>

Table 2 reflects the changes in net assets for fiscal year 2004 compared to 2003.

Table 2
Change in Net Assets
Governmental Activities

	2004	2003
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$ 1,315,433	\$ 1,359,000
Operating Grants, Contributions and Interest	886,185	776,000
Capital Grants, Contributions and Interest	48,950	
<i>Total Program Revenues</i>	<u>2,250,568</u>	<u>2,135,000</u>

(Continued)

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
(Continued)**

Table 2 (Continued)
Change in Net Assets
Governmental Activities

	2004	2003
General Revenues:		
Property Taxes	5,316,633	5,502,000
Grants and Entitlements	8,299,875	7,785,000
Interest	85,150	108,000
Gifts and Donations	9,370	8,000
Miscellaneous	106,641	12,000
<i>Total General Revenues</i>	<i>13,817,669</i>	<i>13,415,000</i>
<i>Total Revenues</i>	<i>16,068,237</i>	<i>15,550,000</i>
Expenses:		
Instruction	8,916,804	8,591,000
Support Services:		
Pupils	596,133	525,000
Instructional Staff	573,487	526,000
Board of Education	34,427	34,000
Administration	1,061,980	933,000
Fiscal	350,634	296,000
Business	62,639	58,000
Operation and Maintenance of Plant	1,382,459	1,380,000
Pupil Transportation	576,272	532,000
Central	60,765	55,000
Noninstructional	701,902	697,000
Extracurricular Activities	525,334	503,000
Capital Outlay	95,936	9,000
Miscellaneous		1,000
Interest and Fiscal Charges	657,863	747,000
<i>Total Expenses</i>	<i>15,596,635</i>	<i>14,887,000</i>
<i>Increase in Net Assets</i>	<i>\$ 471,602</i>	<i>\$ 663,000</i>

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements. Table 3 indicates the total cost of services and the net cost of services for governmental activities for fiscal year 2004 compared to 2003.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
(Continued)**

Table 3
Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2003
Instruction	\$ 8,916,804	\$ 7,564,175	\$ 8,591,000	\$ 7,309,000
Support Services:				
Pupils	596,133	582,515	525,000	436,000
Instructional Staff	573,487	553,334	526,000	516,000
Board of Education	34,427	34,427	34,000	34,000
Administration	1,061,980	1,061,980	933,000	930,000
Fiscal	350,634	350,634	296,000	296,000
Business	62,639	62,639	58,000	58,000
Operation and Maintenance of Plant	1,382,459	1,382,459	1,380,000	1,378,000
Pupil Transportation	576,272	568,693	532,000	514,000
Central	60,765	48,765	55,000	40,000
Noninstructional	701,902	(29,080)	697,000	64,000
Extracurricular Activities	525,334	411,727	503,000	419,000
Capital Outlay	95,936	95,936	9,000	9,000
Miscellaneous			1,000	1,000
Interest and Fiscal Charges	657,863	657,863	747,000	747,000
<i>Total Expenses</i>	<u>\$ 15,596,635</u>	<u>\$ 13,346,067</u>	<u>\$ 14,887,000</u>	<u>\$ 12,751,000</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 85 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 86 percent. It is apparent that the community, as a whole, is the primary support for the District's students.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$15,901,166 and expenditures of \$15,836,678. The net positive change of \$64,488 in fund balance for the year indicates that the District is able to meet current costs.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2004, the District amended its General Fund budget as needed.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
(Continued)**

Final expenditures were budgeted at \$13,725,325 while actual expenditures were \$12,954,447. The \$770,878 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year. Actual General Fund revenues were more than expenditures by \$536,676. During fiscal year 2004, interest revenue decreased significantly due to the declining economy. Open enrollment dollars were also recorded as gross receipts for incoming students and expenditures for outgoing students.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the District had \$10,391,954 invested in capital assets (net of accumulated depreciation) for governmental activities.

For further information regarding the District's capital assets see Note 7 to the basic financial statements.

Debt

At June 30, 2004, the District had \$11,475,000 in school improvement general obligation bonds for building improvements. The bonds were issued for a twenty-six year period, with final maturity on December 1, 2022. The bonds are being retired through the Bond Retirement debt service fund.

At June 30, 2004, the District's overall legal debt margin was \$5,438,287, with an un-voted debt margin of \$188,259.

For further information regarding the District's debt see Note 12 to the basic financial statements.

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. Wauseon Schools is one of the 614 City, Local, and Exempted Village school districts in the State and 7 in Fulton County. Wauseon is a small rural community in Northwest Ohio whose 2000 census population was 9,803 people. Its area is approximately 53.2 square miles. It has a number of small businesses with agriculture being an important part of the economy.

The district is currently operating in the second year of the state biennium budget. According to the School Finance web page of the Ohio Department of Education 37.5 percent of district revenue sources are from local funds, 58.7 percent from state funds and the remaining 3.9 percent is from federal funds. The total expenditure per pupil was calculated for FY03 at \$6,343, which was \$2,000 less than the statewide average.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2004
(Continued)**

In 1991, the District passed a five-year emergency levy to generate \$835,000 and has renewed it twice. This levy provides a continuous source of funds for the financial operations and stability of the district.

The District also passed a 1.0 mill permanent improvement levy in 1983. This generates approximately \$100,000 additional revenue to be used for maintaining, equipping, and improving facilities of the school district. Since the passage of this levy, the effective rate of taxation had been rolled back from 1.0 mill to .49 mills. The Board of Education made the decision to ask the community to replace the current levy at the original effective rate in May 2004. The community supported this decision. The increase in millage will result in approximately \$84,000 of additional revenue for capital projects within the district. Collections will commence in calendar year 2005. The district will realize half of this increase in fiscal year 2005. (Tax collections are based on a January through December collection year, while fiscal years are based on July through June).

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Dameron, Treasurer, Wauseon Exempted Village School District, 120 E. Chestnut Street, Wauseon, Ohio 43567-1443.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Statement of Net Assets
June 30, 2004**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 7,041,276
Materials and Supplies Inventory	29,077
Receivables:	
Accounts	1,956
Intergovernmental	55,659
Taxes	5,894,137
Prepaid Items	49,762
Capital Assets:	
Non-Depreciable Capital Assets	387,500
Depreciable Capital Assets, net	10,004,454
<i>Total Assets</i>	<u>23,463,821</u>
Liabilities:	
Accounts Payable	33,746
Accrued Wages and Benefits	1,252,907
Intergovernmental Payable	197,604
Matured Compensated Absences Payable	25,382
Deferred Revenue	5,408,467
Long-Term Liabilities:	
Due Within One Year	634,069
Due in More Than One Year	11,649,420
<i>Total Liabilities</i>	<u>19,201,595</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	(833,296)
Restricted for Debt Service	1,442,433
Restricted for Capital Outlay	125,130
Restricted for Other Purposes	209,217
Unrestricted	3,318,742
<i>Total Net Assets</i>	<u>\$ 4,262,226</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2004**

	Program Revenues				Net (Expense)
	Expenses	Charges for	Operating	Capital Grants	Revenue and
		Sales	Grants and	and	Contributions
			Contributions		Net Assets
Governmental Activities:					Governmental
					Activities
Instruction:					
Regular	\$ 6,533,244	\$ 701,662	\$ 133,608	\$ 48,950	\$ (5,649,024)
Special	1,650,566		387,618		(1,262,948)
Vocational	295,595		80,791		(214,804)
Other	437,399				(437,399)
Support Services:					
Pupils	596,133		13,618		(582,515)
Instructional Staff	573,487		20,153		(553,334)
Board of Education	34,427				(34,427)
Administration	1,061,980				(1,061,980)
Fiscal	350,634				(350,634)
Business	62,639				(62,639)
Operation and Maintenance of Plant	1,382,459				(1,382,459)
Pupil Transportation	576,272		7,579		(568,693)
Central	60,765		12,000		(48,765)
Operation of Non-Instructional Services	701,902	500,164	230,818		29,080
Extracurricular Activities	525,334	113,607			(411,727)
Capital Outlay	95,936				(95,936)
Debt Service:					
Interest and Fiscal Charges	657,863				(657,863)
Total Governmental Activities	\$ 15,596,635	\$ 1,315,433	\$ 886,185	\$ 48,950	(13,346,067)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					4,087,249
Property Taxes, Levied for Capital Outlay					94,107
Property Taxes, Levied for Debt Service					1,135,277
Grants and Entitlements not Restricted to Specific Programs					8,299,875
Gifts and Donations					9,370
Investment Earnings					85,150
Miscellaneous					106,641
Total General Revenues and Transfers					13,817,669
Change in Net Assets					471,602
Net Assets Beginning of Year					3,790,624
Net Assets End of Year					\$ 4,262,226

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2004**

	General Fund	Bond Retirement	Other Governmenta l Funds	Total Governmenta l Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 5,357,486	\$ 1,340,925	\$ 342,865	\$ 7,041,276
Receivables:				
Accounts	1,956			1,956
Interfund Receivable	5,625			5,625
Intergovernmental			55,659	55,659
Taxes	4,534,258	1,257,890	101,989	5,894,137
Prepaid Items	49,762			49,762
Materials and Supplies Inventory	20,430		8,647	29,077
<i>Total Assets</i>	<u>\$ 9,969,517</u>	<u>\$ 2,598,815</u>	<u>\$ 509,160</u>	<u>\$13,077,492</u>
Liabilities:				
Accounts Payable	\$ 27,910		\$ 5,836	\$ 33,746
Accrued Wages and Benefits	1,196,058		56,849	1,252,907
Interfund Payable			5,625	5,625
Intergovernmental Payable	185,398		12,206	197,604
Matured Compensated Absences Payable	25,382			25,382
Deferred Revenue	4,281,705	\$ 1,189,800	114,334	5,585,839
<i>Total Liabilities</i>	<u>5,716,453</u>	<u>1,189,800</u>	<u>194,850</u>	<u>7,101,103</u>
Fund Balances				
Reserved for Encumbrances	32,337		12,308	44,645
Reserved for Inventory	20,430			20,430
Reserved for Prepaid Items	49,762			49,762
Reserved for Property Taxes	252,553	68,090	5,134	325,777
Unreserved, Undesignated, Reported in:				
General Fund	3,897,982			3,897,982
Special Revenue Funds			182,030	182,030
Debt Service Funds		1,340,925		1,340,925
Capital Projects Funds			114,838	114,838
<i>Total Fund Balances</i>	<u>4,253,064</u>	<u>1,409,015</u>	<u>314,310</u>	<u>5,976,389</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 9,969,517</u>	<u>\$ 2,598,815</u>	<u>\$ 509,160</u>	<u>\$13,077,492</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2004**

Total Governmental Fund Balances		\$ 5,976,389
 <i>Amounts reported for governmental activities on the statement of net assets are different because of the following:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		10,391,954
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Delinquent Taxes Receivable	159,893	
Intergovernmental Receivable	<u>17,479</u>	
		177,372
Intergovernmental payable includes contractually required pension contributions not expected to be paid with available expendable resources, and therefore, not reported in the funds.		(99,753)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
General Obligation Bonds Payable	(11,475,000)	
Compensated Absences Payable	<u>(708,736)</u>	
		<u>(12,183,736)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 4,262,226</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004**

	General Fund	Bond Retirement	All Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Local Taxes	\$ 3,963,332	\$ 1,101,859	\$ 91,549	\$ 5,156,740
Intergovernmental	8,241,821	133,413	845,858	9,221,092
Interest	83,152		1,998	85,150
Tuition and Fees	629,915		54,129	684,044
Rent	11,901			11,901
Extracurricular Activities			110,144	110,144
Gifts and Donations			9,370	9,370
Customer Sales and Services	5,717		503,627	509,344
Miscellaneous	104,867		1,674	106,541
<i>Total Revenues</i>	<u>13,040,705</u>	<u>1,235,272</u>	<u>1,618,349</u>	<u>15,894,326</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,376,501		251,465	6,627,966
Special	1,295,648		276,524	1,572,172
Vocational	276,987		7,922	284,909
Other	437,399			437,399
Support Services:				
Pupils	437,094		96,942	534,036
Instructional Staff	491,512		41,873	533,385
Board of Education	34,427			34,427
Administration	981,075		3,171	984,246
Fiscal	317,162	26,189	2,323	345,674
Business	61,960			61,960
Operation and Maintenance of Plant	1,298,226		72,024	1,370,250
Pupil Transportation	572,452			572,452
Central	48,765		12,000	60,765
Operation of Non-Instructional Services	82		713,113	713,195
Extracurricular Activities	374,266		123,029	497,295
Capital Outlay	52,437		22,000	74,437
Debt Service:				
Principal		515,000		515,000
Interest		610,370		610,370
<i>Total Expenditures</i>	<u>13,055,993</u>	<u>1,151,559</u>	<u>1,622,386</u>	<u>15,829,938</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(15,288)</u>	<u>83,713</u>	<u>(4,037)</u>	<u>64,388</u>
Other Financing Sources and (Uses)				
Transfers In			6,740	6,740
Proceeds from Sale of Fixed Assets	100			100
Transfers Out	(6,740)			(6,740)
<i>Total Other Financing Sources and Uses</i>	<u>(6,640)</u>		<u>6,740</u>	<u>100</u>
<i>Net Change in Fund Balances</i>	<u>(21,928)</u>	<u>83,713</u>	<u>2,703</u>	<u>64,488</u>
Fund Balance at Beginning of Year	4,274,992	1,325,302	311,607	5,911,901
<i>Fund Balance at End of Year</i>	<u>\$ 4,253,064</u>	<u>\$ 1,409,015</u>	<u>\$ 314,310</u>	<u>\$ 5,976,389</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement Activities
For the Fiscal Year Ended June 30, 2004**

Net Change in Fund Balances - Total Governmental Funds		\$	64,488
 <i>Amounts reported for governmental activities on the statement of activities are different because of the following:</i>			
 Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.			
Capital Outlay - Depreciable Capital Assets	82,887		
Depreciation	<u>(373,379)</u>		(290,492)
 Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:			
Delinquent Taxes	159,893		
Intergovernmental	<u>13,918</u>		173,811
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.			
			515,000
 Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.			
Capital Appreciation Interest			(47,493)
 Some expenses reported on the statement of activities, such as compensated absences and intergovernmental payable representing contractually required pension contributions, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:			
Intergovernmental Payable	12,787		
Compensated Absences Payable	<u>43,501</u>		56,288
<i>Change in Net Assets of Governmental Activities</i>		<u>\$</u>	<u>471,602</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual Comparison
General Fund
For the Fiscal Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property and Other Local Taxes	\$ 4,420,000	\$ 4,420,000	\$ 4,420,689	\$ 689
Intergovernmental	7,969,603	7,969,603	8,241,821	272,218
Interest	80,000	80,000	83,152	3,152
Tuition and Fees	630,500	630,500	629,865	(635)
Rent	10,000	10,000	12,393	2,393
Gifts and Donations	1,000	1,000	-	(1,000)
Customer Sales and Services	5,700	5,700	5,717	17
Miscellaneous	75,000	75,000	96,883	21,883
<i>Total Revenues</i>	<u>13,191,803</u>	<u>13,191,803</u>	<u>13,490,520</u>	<u>298,717</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,541,193	6,556,607	6,343,360	213,247
Special	1,374,710	1,373,655	1,289,775	83,880
Vocational	301,559	310,354	284,781	25,573
Other	460,000	460,000	437,375	22,625
Support Services:				
Pupils	457,110	457,593	433,740	23,853
Instructional Staff	531,848	529,280	483,982	45,298
Board of Education	43,675	41,852	36,035	5,817
Administration	1,037,738	1,037,685	952,801	84,884
Fiscal	312,215	313,827	287,405	26,422
Business	64,645	65,145	61,694	3,451
Operation and Maintenance of Plant	1,452,662	1,399,922	1,289,324	110,598
Pupil Transportation	590,166	627,692	578,002	49,690
Central	55,000	60,500	48,765	11,735
Extracurricular Activities	444,541	429,213	368,231	60,982
Capital Outlay		53,000	52,437	563
<i>Total Expenditures</i>	<u>13,667,062</u>	<u>13,716,325</u>	<u>12,947,707</u>	<u>768,618</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(475,259)</u>	<u>(524,522)</u>	<u>542,813</u>	<u>1,067,335</u>
Other Financing Sources and Uses:				
Proceeds from Sale of Fixed Assets	500	500	100	(400)
Refund of Prior Year Expenditures	6,100	6,100	6,128	28
Transfers Out	-	(9,000)	(6,740)	2,260
Advances Out	-	(5,999)	(5,625)	374
<i>Total Other Financing Sources and Uses</i>	<u>6,600</u>	<u>(8,399)</u>	<u>(6,137)</u>	<u>2,262</u>
<i>Net Change in Fund Balances</i>	<u>(468,659)</u>	<u>(532,921)</u>	<u>536,676</u>	<u>1,069,597</u>
Fund Balance (Deficit) at Beginning of Year	4,765,625	4,765,625	4,765,625	-
Prior Year Encumbrances Appropriated	11,962	11,962	11,962	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 4,308,928</u>	<u>\$ 4,244,666</u>	<u>\$ 5,314,263</u>	<u>\$ 1,069,597</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004**

	Private Purpose Trust	Agency Fund
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 238,839	\$ 70,813
<i>Total Assets</i>	238,839	70,813
Liabilities:		
Undistributed Monies	-	70,813
<i>Total Liabilities</i>	-	70,813
Net Assets:		
Held in Trust for Scholarships	238,839	-
<i>Total Net Assets</i>	\$ 238,839	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2004**

	Private Purpose Trust
Additions:	
Interest	\$ 5,040
Miscellaneous	100
<i>Total Additions</i>	<u>5,140</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>7,003</u>
<i>Total Deductions</i>	<u>7,003</u>
<i>Change in Net Assets</i>	(1,863)
Net Assets Beginning of Year	<u>240,702</u>
<i>Net Assets End of Year</i>	<u><u>\$ 238,839</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Wauseon Exempted Village School District, Fulton County, (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the District's four instructional/support facilities staffed by 72 noncertified and 142 certificated full time teaching personnel who provide services to 2,068 students and other community members.

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

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.

The Wauseon Public Library is not part of the District and is excluded from the accompanying financial statements. This organization is presented in Note 16.

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., the Northern Buckeye Education Council's Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund and the Bond Retirement Fund are the District's major governmental funds:

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

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

The other governmental funds of the District account for grants and other resources, debt service, and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust, which accounts for a program that provides assistance to needy students from interest earnings from the trust endowment. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2004 is as follows:

1. As permitted by state statute, the County Budget Commission waived the requirement that the District adopt and submit a tax budget. The Budget Commission required the District to provide the five year forecast and detail of debt issues with amortization schedules in lieu of the tax budget.
2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2004.

3. By October 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure for meeting the ordinary expenses of the District until it passes an annual appropriation measure.

Board adopted appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed appropriations at the legal level of control.

4. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriations.
6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which reallocated, increased or decreased the original appropriated amounts. The Board legally enacted all supplemental appropriations, during fiscal year 2004.
7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level.

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year-end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

F. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

The District utilizes a financial institution to service bonded debt as principal and interest payments come due.

During the fiscal year 2004, investments were limited to Certificates of Deposit valued at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$83,152; interest in the amount of \$7,038 was credited to other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased, except for the food service fund. Inventories of the food service fund consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

I. Capital Assets

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 - 50 years
Buildings and Buildings Improvements	50 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

K. Compensated Absences

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences." In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

probable that benefits will result in termination payments. These compensated absences are measured using rates in effect at June 30, 2004.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

Fund equity reserves have been established for property taxes, inventory, prepaids, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Comparison (Non-GAAP Budgetary Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance Major Governmental Fund	
	General
GAAP Basis	\$ (21,928)
Increase (Decrease) Due To:	
Revenue Accruals:	
Accrued FY 2003, Received In Cash FY 2004	710,452
Accrued FY 2004, Not Yet Received in Cash	(254,509)
Expenditure Accruals:	
Accrued FY 2003, Paid in Cash FY 2004	(1,213,042)
Accrued FY 2004, Not Yet Paid in Cash	1,364,556
Advances In	(5,625)
Encumbrances Outstanding at Year End (Budget Basis)	(43,228)
Budget Basis	\$ 536,676

4. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

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 pass book accounts.

Protection of 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 to 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) 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 and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

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

At fiscal year end, the District had \$3,200 in undeposited cash on hand, which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents."

Deposits

At year end, the carrying amount of the District's deposits was \$7,347,728 and the bank balance was \$7,516,129. Of the bank balance:

1. \$282,697 was covered by federal depository insurance; and
2. \$2,816,585 was secured in the District name with specific pledge securities.
3. \$4,416,847 was uninsured and uncollateralized. Noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

The classification of cash, cash equivalents, and investments on the combined financial statements is based on criteria set forth by GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Investments
GASB Statement No. 9	\$ 7,350,928
Cash on Hand	(3,200)
GASB Statement No. 3	\$ 7,347,728

5. PROPERTY TAXES

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

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2004 represent the collection of calendar year 2003 taxes. Real property taxes for 2003 were levied after April 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003, and are collected in 2004 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2004 (other than public utility property) represent the collection of calendar year 2004 taxes. Tangible personal property taxes for 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 24 percent of true value for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Fulton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes, which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004, was \$252,553 in the general fund, \$68,090 in the debt service fund, and \$5,134 in the capital projects fund. The amount available as an advance at June 30, 2003 was \$709,910 in the general fund, \$152,842 in the debt service fund, and \$14,036 in the capital projects fund.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 117,873,690	65%	\$ 120,337,500	64%
Industrial/Commercial	33,471,740	19%	34,674,060	18%
Public Utility	8,926,810	5%	8,977,090	5%
Tangible Personal	20,170,170	11%	24,270,090	13%
Total Assessed Value	<u>\$ 180,442,410</u>	<u>100%</u>	<u>\$ 188,258,740</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 45.20		\$ 45.20	

6. RECEIVABLES

Receivables at June 30, 2004, consisted of property, accounts (rent and student fees), and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables on the Statement of Net Assets follows:

	Amount
Governmental Activities	
Taxes-current and delinquent	\$ 5,894,137
Intergovernmental	55,659
Accounts	1,956
Total Intergovernmental Receivables	<u>\$ 5,951,752</u>

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance at 06/30/03	Additions	Reductions	Balance at 06/30/04
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$ 387,500	\$ -	\$ -	\$ 387,500
<i>Total Nondepreciable Capital Assets</i>	<u>387,500</u>	<u>-</u>	<u>-</u>	<u>387,500</u>

(Continued)

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

	Balance at 06/30/03	Additions	Reductions	Balance at 06/30/04
Depreciable Capital Assets				
Land Improvements	509,601	-	-	509,601
Buildings and Building Improvements	13,452,780	-	-	13,452,780
Furniture, Fixtures, and Equipment	479,377	10,337	6,126	483,588
Vehicles	818,766	72,550	-	891,316
<i>Total Depreciable Capital Assets</i>	<u>15,260,524</u>	<u>82,887</u>	<u>6,126</u>	<u>15,337,285</u>
Less Accumulated Depreciation				
Land Improvements	328,495	18,519	-	347,014
Buildings and Building Improvements	3,775,013	263,809	-	4,038,822
Furniture, Fixtures, and Equipment	247,977	36,007	6,126	277,858
Vehicles	614,093	55,044	-	669,137
<i>Total Accumulated Depreciation</i>	<u>4,965,578</u>	<u>373,379</u>	<u>6,126</u>	<u>5,332,831</u>
Depreciable Capital Assets, Net	<u>10,294,946</u>	<u>(290,492)</u>	<u>-</u>	<u>10,004,454</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,682,446</u>	<u>\$ (290,492)</u>	<u>\$ -</u>	<u>\$ 10,391,954</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 203,288
Special	27,558
Vocational	10,330
Support Services:	
Pupil	10,455
Instructional Staff	10,170
Administration	7,762
Operation and Maintenance of Plant	2,373
Pupil Transportation	53,760
Noninstructional	4,978
Extracurricular	21,206
Capital Outlay	21,499
Total Depreciation Expense	<u>\$ 373,379</u>

8. RISK MANAGEMENT

Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully coinsured.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

Coverage provided by the Ohio School Plan	
General Liability	
Per Occurrence	\$ 1,000,000
Total per Year	3,000,000
Coverage provided by Hartford Insurance	
Blanket Property Insurance (\$1,000 deductible)	33,000,600
Coverage provided by the Ohio School Plan	
Auto Coverage	
Liability	3,000,000
Auto Medical Payment	5,000

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

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3676, or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$146,453, \$122,952 and \$75,592 respectively; 52 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the combined plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

The DB Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit" the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

The DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

The Combined Plan benefits member contributions are allocated by the member and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1 percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or lump-sum payment in addition to the original retirement allowance. Benefits are increased annually by 3 percent of the original base amount for Defined Benefit Plan participants.

The defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Pan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirement and the contributions actually made for the fiscal year ended June 30, 2004, were 10 percent of covered payroll for members and 14 percent for employers. Employer contributions actually paid should be disclosed in both dollar

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

amounts and as a percentage of the employer's covered payroll for the current year and the two preceding years. Member and employer contributions actually made for Defined Contributions and Combined Plan participants will be provided upon written request.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$906,181, \$864,598 and \$609,830, respectively; 83 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002.

10. POST-EMPLOYMENT BENEFITS

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit Plan and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses, and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2004, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Stabilization Fund. Effective July 1, 2004, 1 percent of covered payroll will be allocated to the fund. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004.

For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

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. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50 percent for those who apply.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2004, the allocation rate is 4.91 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

partial service credit. For fiscal 2004, the minimum pay has been established as \$25,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits were \$300.8 million.

The number of participants currently receiving health care benefits is approximately 62,000.

The portion of the employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .35072, then adding the surcharge due as of June 30, 2004, as certified to the District by SERS.

11. OTHER EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Twelve (12) and eleven (11) month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. At June 30, 2004, a liability of \$7,296 has been provided in the general fund and for earned, but unused vacation leave that will be paid to the employees.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-fourth of the accumulated sick leave to a maximum payout of 50 days for bus drivers and 52 days for all other employees. At June 30, 2004, a current liability of \$18,086 has been provided in the general fund for earned, but unused sick leave that will be paid to the employees.

The District has recorded an estimated liability of \$708,736 for severance pay and sick leave payable at June 30, 2004, in accordance with GASB No. 16, "Accounting for Compensated Absences". The amount has been recorded in the Government Wide Basic Financial Statements since the liability will not require the use of current expendable available financial resources.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

12. LONG-TERM OBLIGATIONS

General Obligation Bonds

Debt outstanding at June 30, 2004 consisted of the following:

	School Improvement
General Obligation Bonds	
Principal Outstanding	\$ 11,475,000
Interest Rate	4.65% - 5.5%

Outstanding general obligation bonds consist of school improvement bonds.

These 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 of the government. These bonds were issued in February 1997. These bonds will mature in December 2022.

Interest paid semi-annually in June and December, while principal is paid annually in December from the Debt Service Fund.

Total expenditures incurred by the District for interest on the above bonds was \$610,370 for the period ended June 30, 2004.

During the year ended June 30, 2004, the following changes occurred in long-term obligations:

	Balance at 06/30/03	Additions	Reductions	Balance at 06/30/04	Amounts Due In One Year
General obligation bonds	\$ 11,942,507	\$ 47,493	\$ 515,000	\$ 11,475,000	\$ 510,000
Compensated absences payable	752,237	708,736	752,237	708,736	24,316
Due to other governments	112,540	99,753	112,540	99,753	99,753
Total	\$ 12,807,284	\$ 855,982	\$ 1,379,777	\$ 12,283,489	\$ 634,069

Compensated absences typically have been liquidated in the general and other governmental funds.

The scheduled payments of principal and interest on debt outstanding at June 30, 2004 are as follows:

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

For the Years Ending June 30,	Principal	Interest	Total
2005	\$ 510,000	\$ 598,512	\$ 1,108,512
2006	465,000	575,611	1,040,611
2007	490,000	552,685	1,042,685
2008	510,000	528,180	1,038,180
2009	540,000	501,922	1,041,922
2010-2014	2,675,000	2,079,804	4,754,804
2015-2019	3,115,000	1,317,797	4,432,797
2020-2023	3,170,000	360,250	3,530,250
Total	<u>\$ 11,475,000</u>	<u>\$ 6,514,761</u>	<u>\$ 17,989,761</u>

13. SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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.

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.

	Textbooks	Capital Acquisition
Set-aside Balance as of June 30, 2003	\$ (209,033)	\$ -
Current Year Set-aside Requirement	287,200	287,200
Current Year Offsets	-	(100,451)
Qualifying Disbursements	(434,759)	(186,749)
Total	<u>\$ (356,592)</u>	<u>\$ -</u>
Balance Carried Forward to FY 2005	<u>\$ (356,592)</u>	

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero in the capital acquisition. Although the District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and therefore, are not presented.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, and Williams Counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. To obtain financial information write to the Treasurer at Northern Buckeye Education Council at 22-900 State Route 34, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Lois Knuth, who serves as Treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves a twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

15. GROUP PURCHASING POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, drug, and life insurance plans. The health, drug, and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2004, the Wauseon Exempted Village School District contributed a total for all four plans of \$1,126,270. Financial information can be obtained from the Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

The WCGRP's business and affairs are conducted by a three member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. Each year, the participating/members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

C. Ohio School Plan

The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative, which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

16. RELATED ORGANIZATION

Wauseon Public Library

The Wauseon Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Wauseon Exempted Village School District. The District's role is limited to a ministerial function. The Board of Trustees possesses its own contracting and budgeting authority, hires, and fires personnel and does not depend on the District for operational subsidies. The District receives property taxes levied specifically to repay the Library's debt issuance and disburses the annual debt service requirements on behalf of the Library. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Wauseon Public Library, Maricela DeLeon, who serves as Treasurer, at 117 East Elm Street, Wauseon, Ohio 43567.

17. 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.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...."

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

18. INTERFUND TRANSFERS

During the year ended June 30, 2004, the General Fund transferred \$6,740 to Other Nonmajor Governmental Funds. This transfer was made to move unrestricted balances to support programs and projects accounted for in other funds.

19. INTERFUND ADVANCES

During the year ended June 30, 2004, the General Fund advances \$5,625 to Other Nonmajor Governmental Funds. Interfund balances at June 30, 2004 consist of the following individual fund receivables and payables.

	Due From Other Funds	Due To Other Funds
General Fund	\$ 5,625	
Special Revenue Funds		\$ 5,625

20. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2004.

B. Litigation

Currently there is a pending lawsuit in which the District is named as defendant. Management and legal counsel opinion is that the outcome will be favorable therefore no liability has been accrued.

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Basic Financial Statements
June 30, 2004
(Continued)**

21. SUBSEQUENT EVENTS

On October 1, 2004, the District issued General Obligation School Improvement Refunding Bonds in the amount of \$9,479,993. The issue included \$9,095,000 in current interest bonds and \$384,993 in capital appreciation bonds. The current interest bonds will mature December 1, 2022 and the capital appreciation bonds will mature December 1, 2013. The \$11,475,000 bonds outstanding at June 30, 2004 were defeased.

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**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2004**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Program or Award Amount
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Education</i>			
<u>Nutrition Cluster:</u>			
Food Distribution Program	10.550		
National School Breakfast Program	10.553		
National School Lunch Program	10.555		
Total Department of Agriculture - Nutrition Cluster			
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed through the Ohio Department of Education</i>			
Title I - Grants to Local Educational Agencies	84.010	C1-S1-04 C1-S1-03	\$134,402 124,749
Total Title I			
<u>Special Education Cluster</u>			
Title VI-B	84.027	6B-SF-04 6B-SF-03	206,667 166,706
Preschool Grant	84.173	PGS1-04-P PGS1-03-P	7,479 8,439
Total Department of Education - Special Education Cluster			
Title V - Education Program Strategies	84.298	C2-S1-04	11,314
Title III - Immigrant	84.365	CR-S1-04	38,347
Title II - A Improving Teachers Quality Grant	84.367	TRS1-04 TRS1-03	52,601 67,814
Total Title II - A			
Title II - D Technology Literacy Challenge Fund Grant	84.318	TJS1-04	3,780
Drug Free Schools Grant	84.186	DR-S1-04 DR-S1-03	7,504 7,726
Total Drug Free Schools Grant			
Total Department of Education			
TOTAL FEDERAL AWARDS EXPENDITURES			

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

<u>Cash Receipts</u>	<u>Non-cash Receipts</u>	<u>Cash Disbursements</u>	<u>Non-cash Disbursements</u>
\$ -	\$ 57,922	\$ -	\$ 57,922
2,079	-	2,079	-
161,859	-	161,859	-
<u>163,938</u>	<u>57,922</u>	<u>163,938</u>	<u>57,922</u>
134,402	-	125,522	-
1,567	-	13,161	-
<u>135,969</u>	-	<u>138,683</u>	-
206,667	-	196,090	-
-	-	13,870	-
7,479	-	7,395	-
760	-	982	-
<u>214,906</u>	-	<u>218,337</u>	-
11,314	-	11,314	-
4,928	-	4,928	-
52,601	-	51,611	-
4,365	-	7,955	-
<u>56,966</u>	-	<u>59,566</u>	-
3,780	-	3,780	-
7,504	-	6,950	-
1,641	-	2,249	-
<u>9,145</u>	-	<u>9,199</u>	-
<u>437,008</u>	-	<u>445,807</u>	-
<u>\$ 600,946</u>	<u>\$ 57,922</u>	<u>\$ 609,745</u>	<u>\$ 57,922</u>

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Notes to the Schedule of Federal Awards Expenditures
Fiscal Year Ended June 30, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District'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 District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary 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. It is assumed federal monies are expended first.



**Auditor of State
Betty Montgomery**

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

Wauseon Exempted Village School District
Fulton County
120 East Chestnut Street
Wauseon, Ohio 43567-1443

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wauseon Exempted Village School District (the District) as of and for the year ended June 30, 2004, which collectively comprise the Government's basic financial statements and have issued our report thereon dated January 13, 2005. 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 no instances of noncompliance we must report under *Government Auditing Standards*.

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 opinions 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 does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 13, 2005.

This report is intended solely for the information and use of management, board of education, 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

January 13, 2005



**Auditor of State
Betty Montgomery**

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

Wauseon Exempted Village School District
Fulton County
120 East Chestnut Street
Wauseon, Ohio 43567-1443

To the Board of Education:

Compliance

We have audited the compliance of Wauseon Exempted Village School District, Fulton County, Ohio (the 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, 2004. The District's major federal programs are 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 each of its major federal programs 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 each of its major federal programs 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.

This report is intended for the information and use of management, board of education, 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.



Betty Montgomery
Auditor of State

January 13, 2005

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON COUNTY**

**Schedule of Findings
OMB Circular A -133 § .505
June 30, 2004**

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)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(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 § .510?	No
(d)(1)(vii)	Major Programs (list):	<u>Special Education Cluster</u> Title VI-B CFDA # 84.027 Preschool Grant CFDA # 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

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**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT
FULTON 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
FEBRUARY 10, 2005**