



Mary Taylor, CPA  
Auditor of State



**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Wickliffe City School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2008, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Wickliffe City School District, Lake County, Ohio, as of June 30, 2008, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof and for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected this schedule to the auditing procedures applied in our audit of the District's 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.

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

**Mary Taylor, CPA**  
Auditor of State

June 16, 2009

**Wickliffe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

Our discussion and analysis of the Wickliffe City School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- In total, net assets increased \$1,477,359. Net assets of governmental activities increased \$1,455,403, which represents a 14% increase from 2007. Net assets of business-type activities increased \$21,956 or 21% from 2007.
- General receipts accounted for \$17,434,220 in receipts or 89% of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$2,098,650 or 11% of total receipts of \$19,532,870.
- The District had \$17,851,471 in disbursements related to governmental activities; only \$1,892,609 of these disbursements was offset by program specific charges for services, grants or contributions. General receipts supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,414,265 were adequate to provide for these programs resulting in an increase of net assets from \$10,173,788 to \$11,629,191.
- The District had \$204,040 in disbursements related to business-type activities; a total of \$206,041 was offset by program specific charges for services, grants and contributions. Total program receipts were adequate to provide for these programs by \$2,001, however other general receipts totaling \$19,955 resulted in an increase to net assets from \$104,719 to \$126,675.
- The District's major governmental fund is the general fund. The general fund had \$18,913,258 in receipts and other financing sources and \$16,900,263 in disbursements and other financing uses. The general fund's fund balance increased \$2,012,995 from \$8,736,932 to \$10,749,927.

**Using these Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

**Wickliffe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

*The Statement of Net Assets and Statement of Activities*

The statement of net assets and the statement of activities reflect how the District did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

*Governmental Activities* – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.



**Wickliffe City School District  
Management's Discussion and Analysis  
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*Business-type Activities* - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service, rotary fund and special enterprise operations are reported as business-type activities.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds – not the Government as a whole. The Government establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Government are split into three categories: governmental, proprietary and fiduciary.

***Governmental Funds***

Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Government's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

***Proprietary Funds***

When the Government charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Government has several enterprise funds, the food service, rotary and special enterprise funds. When the services are provided to other department of the Government, the service is reported as an internal service fund. The Government has one internal service fund to account for employee health-care claims.

***Fiduciary Funds***

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Wickliffe City School District  
Management's Discussion and Analysis  
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Unaudited**

**The District as a Whole**

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2008 and 2007.

**Table 1  
Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:						
Cash and cash equivalents	\$ 11,629,191	\$ 10,173,788	\$ 126,675	\$ 104,719	\$ 11,755,866	\$ 10,278,507
Total assets	<u>11,629,191</u>	<u>10,173,788</u>	<u>126,675</u>	<u>104,719</u>	<u>11,755,866</u>	<u>10,278,507</u>
Net assets:						
Restricted for:						
Capital improvements set-aside	-	74,320	-	-	-	74,320
Capital projects	589,741	725,622	-	-	589,741	725,622
Other purposes	95,984	198,343	-	-	95,984	198,343
Unrestricted	<u>10,943,466</u>	<u>9,175,503</u>	<u>126,675</u>	<u>104,719</u>	<u>11,070,141</u>	<u>9,280,222</u>
Total net assets	<u>\$ 11,629,191</u>	<u>\$ 10,173,788</u>	<u>\$ 126,675</u>	<u>\$ 104,719</u>	<u>\$ 11,755,866</u>	<u>\$ 10,278,507</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

Total assets increased by \$1,477,359 from 2007 to 2008. Fiscal year 2008 was the first year the district offered a fee based all day kindergarten program. In fiscal year 2008, the district received \$657,684 in additional funds from the State for the loss of tangible personal property taxes. Interest earnings on investments increased due to additional cash the district had to invest. Effective fiscal year 2007 the Board of Education negotiated an increase in the employee share of the total cost of health benefits annually, resulting in an increase in insurance revenues.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year and the prior year.

**Wickliffe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

**Table 2  
Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash Receipts:</b>						
Program cash receipts:						
Charges for services	\$ 491,815	\$ 535,226	\$ 147,032	\$ 82,720	\$ 638,847	\$ 617,946
Operating grants	<u>1,400,794</u>	<u>1,502,294</u>	<u>59,009</u>	<u>28,826</u>	<u>1,459,803</u>	<u>1,531,120</u>
Total program cash receipts	<u>1,892,609</u>	<u>2,037,520</u>	<u>206,041</u>	<u>111,546</u>	<u>2,098,650</u>	<u>2,149,066</u>
General cash receipts:						
Property taxes	11,763,100	12,720,444	-	-	11,763,100	12,720,444
Grants and entitlements	4,946,300	4,396,965	-	-	4,946,300	4,396,965
Investment earnings	498,196	451,598	-	992	498,196	452,590
Other	176,172	126,058	-	-	176,172	126,058
Gain on sale of assets	<u>50,452</u>	<u>801,095</u>	<u>-</u>	<u>-</u>	<u>50,452</u>	<u>801,095</u>
Total general cash receipts	17,434,220	18,496,160	-	992	17,434,220	18,497,152
Transfers	<u>(19,955)</u>	<u>(19,609)</u>	<u>19,955</u>	<u>19,609</u>	<u>-</u>	<u>-</u>
Total cash receipts	<u>19,306,874</u>	<u>20,514,071</u>	<u>225,996</u>	<u>132,147</u>	<u>19,532,870</u>	<u>20,646,218</u>
<b>Cash disbursements:</b>						
Program cash disbursements:						
Instruction:						
Regular	6,627,264	6,255,334	-	-	6,627,264	6,255,334
Special	2,295,915	2,148,041	-	-	2,295,915	2,148,041
Vocational	224,221	147,136	-	-	224,221	147,136
Other	525,556	428,626	-	-	525,556	428,626
Support services						
Pupil	1,009,486	902,759	-	-	1,009,486	902,759
Instructional staff	667,710	456,336	-	-	667,710	456,336
Board of education	231,867	160,906	-	-	231,867	160,906
Administration	1,338,248	1,251,386	-	-	1,338,248	1,251,386
Fiscal	541,039	550,861	-	-	541,039	550,861
Business	71,307	14,556	-	-	71,307	14,556
Operation and maintenance - plant	1,960,816	1,737,037	-	-	1,960,816	1,737,037
Pupil transportation	915,751	819,352	-	-	915,751	819,352
Central services	465,493	313,913	-	-	465,493	313,913
Operations of non-instruction services	542,920	634,320	-	-	542,920	634,320
Extracurricular activities	335,624	277,376	-	-	335,624	277,376
Facilities acquisition and construction	98,254	8,658	-	-	98,254	8,658
Debt service						
Principal	-	313,458	-	-	-	313,458
Interest and fiscal charges	-	11,026	-	-	-	11,026
Food service	-	-	153,319	76,945	153,319	76,945
Special enterprise	-	-	<u>50,721</u>	<u>47,747</u>	<u>50,721</u>	<u>47,747</u>
Total cash disbursements	<u>17,851,471</u>	<u>16,431,081</u>	<u>204,040</u>	<u>124,692</u>	<u>18,055,511</u>	<u>16,555,773</u>
Change in net assets	\$ <u>1,455,403</u>	<u>4,082,990</u>	\$ <u>21,956</u>	\$ <u>7,455</u>	\$ <u>1,477,359</u>	\$ <u>4,090,445</u>

**Wickliffe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

**Governmental Activities**

Net assets of the District's governmental activities increased by \$1,455,403. Total governmental disbursements of \$17,851,471 was primarily offset by program receipts of \$1,892,609 and general receipts of \$17,414,265. Program receipts supported 11% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes and grants and entitlements. These two receipts sources represent 87% of total governmental receipts. Property taxes support 66% of total disbursements while grants and entitlements supported 28% of total disbursements.

The Statement of Activities shows the cost of program services and the charges for services and grants off setting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

**Table 3  
Total Cost of Program Services**

	<u>Governmental Activities</u>		<u>Net Cost of Services</u>	
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Program cash disbursements:				
Instruction:				
Regular	\$ 6,627,264	6,255,334	\$ (6,451,378)	\$ (6,065,148)
Special	2,295,915	2,148,041	(1,324,642)	(1,069,673)
Vocational	224,221	147,136	(224,221)	(147,136)
Other	525,556	428,626	(525,556)	(428,626)
Support services:				
Pupil	1,009,486	902,759	(936,935)	(833,333)
Instructional staff	667,710	456,336	(665,280)	(453,636)
Board of education	231,867	160,906	(231,867)	(160,906)
Administration	1,338,248	1,251,386	(1,338,248)	(1,251,386)
Fiscal	541,039	550,861	(541,039)	(550,861)
Business	71,307	14,556	(71,307)	(14,556)
Operation and maintenance - plant	1,960,816	1,737,037	(1,957,673)	(1,737,037)
Pupil transportation	915,751	819,352	(915,751)	(819,352)
Central	465,493	313,913	(441,245)	(299,913)
Operations of non-instructional services	542,920	634,320	(375,228)	(436,940)
Extracurricular activities	335,624	277,376	139,762	208,084
Facilities acquisition and construction	98,254	8,658	(98,254)	(8,658)
Debt service				
Principal	-	313,458	-	(313,458)
Interest and fiscal charges	-	11,026	-	(11,026)
Total cash disbursements	<u>\$ 17,851,471</u>	<u>\$ 16,431,081</u>	<u>\$ (15,958,862)</u>	<u>\$ (14,393,561)</u>

The dependence upon tax receipts during fiscal year 2008 for governmental activities is apparent, as 88% of 2008 instruction activities are supported through taxes and other general receipts. The District's taxpayers, as a whole, are by far the primary support for District's students.

**Wickliffe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

***Business-Type Activities***

Business-type activities include food service operation, rotary fund and special enterprise. These programs had receipts of \$225,996 and disbursements of \$204,040 for fiscal year 2008. Management assesses the performance of each of these funds to ensure that they are run efficiently.

**The District's Funds**

Total governmental funds had receipts, including other financing sources of \$20,425,226 and disbursements, including other financing uses of \$18,713,655. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$2,012,995 primarily as a result of two fiscal year collections of the 6.89 mill continuing levy.

The table that follows assists in illustrating the disbursements of the general fund:

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Disbursement by Object:			
Instruction	\$ 9,133,258	\$ 8,174,219	12.42%
Support services	6,580,921	5,476,473	20.17
Operations of non-instructional services	-	66,976	(100.00)
Facilities acquisition and construction	98,254	8,658	1,034.83
Extracurricular activities	<u>223,945</u>	<u>188,109</u>	19.05
Total	<u>\$ 16,036,378</u>	<u>\$ 13,914,435</u>	

The most significant increase was in the area of facilities acquisition and construction. In fiscal year 2007 the School District abandoned its deferred maintenance program, however, in 2008, they resumed the program. There was also a significant decrease in operations of non-instructional services in 2008, due to the the timing of payment of student scholarships.

**General Fund Budget Information**

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During 2008, the District amended its General Fund budget several time to reflect changing circumstances. Final disbursements, not including other financing uses, were budgeted at \$19,177,623 while actual disbursements, not including other financing uses, were \$17,496,158. Disbursements were not above budget, as well as receipts being above expectations. The result is the increase in fund balance of \$553,215 for 2008.

**Wickliffe City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

**Capital Assets**

The District does not report capital assets as the acquisitions are recorded as disbursements when paid.

**Current Financial Related Activities**

Wickliffe City School District has continued to maintain services to its students, parents and community. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the federal, state and local funding policies dictate.

The School District relies heavily on its taxpayers to support its operations. The community support for the schools is strong. The School District last passed a continuing operating levy in 2005. The School District has communicated to the community they rely upon their support for the majority of its operations. The community also realizes the income generated by local levies remains relatively constant, therefore, forcing the School District to come back to the voters to ask for additional support.

Wickliffe City School District has not anticipated any meaningful growth in state revenue. With 55 percent of the taxes for the School District coming from local tax payers, one can see the significant impact this change would have on the School District and ultimately, the residential taxpayers.

As a result of the challenges mentioned above, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet changing educational needs.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Susan M. Haffey, Treasurer, at Wickliffe City School District, 2221 Rockefeller Road, Wickliffe, Ohio 44092 or by email at [wc\\_treas@lgca.org](mailto:wc_treas@lgca.org).

# Wickliffe City School District

## Statement of Net Assets – Cash Basis

June 30, 2008

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	Primary Government		Total
	Governmental Activities	Business - Type Activities	
Assets:			
Equity in pooled cash and cash equivalents	\$ <u>11,629,191</u>	\$ <u>126,675</u>	\$ <u>11,755,866</u>
Total assets	<u>11,629,191</u>	<u>126,675</u>	<u>11,755,866</u>
Net assets:			
Restricted for:			
Capital projects	589,741	-	589,741
Other purposes	95,984	-	95,984
Unrestricted	<u>10,943,466</u>	<u>126,675</u>	<u>11,070,141</u>
Total net assets	\$ <u>11,629,191</u>	\$ <u>126,675</u>	\$ <u>11,755,866</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Wickliffe City School District

## Statement of Activities – Cash Basis

For The Fiscal Year Ended June 30, 2008

	Cash <u>Disbursements</u>	Program Cash Receipts	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Instruction:			
Regular education	\$ 6,627,264	\$ 106,279	\$ 69,607
Special education	2,295,915	100,764	870,509
Vocational education	224,221	-	-
Other	525,556	-	-
Support services:			
Pupil	1,009,486	72,551	-
Instructional staff	667,710	-	2,430
Board of education	231,867	-	-
Administration	1,338,248	-	-
Fiscal	541,039	-	-
Business	71,307	-	-
Operations and maintenance - plant	1,960,816	3,143	-
Pupil transportation	915,751	-	-
Central services	465,493	-	24,248
Operations and non-instructional services	542,920	167,692	-
Extracurricular activities	335,624	41,386	434,000
Facilities acquisition	<u>98,254</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>17,851,471</u>	<u>491,815</u>	<u>1,400,794</u>
Business-type activities:			
Food service	153,319	74,278	59,009
Rotary	-	10,765	-
Special enterprise fund	<u>50,721</u>	<u>61,989</u>	<u>-</u>
Total business-type activities	<u>204,040</u>	<u>147,032</u>	<u>59,009</u>
Totals	\$ <u>18,055,511</u>	\$ <u>638,847</u>	\$ <u>1,459,803</u>

General cash receipts:  
 Property taxes levies for:  
   General purpose  
   Grant and entitlements not restricted to  
     specific programs  
   Investment earnings  
   Gain on sale of assets  
   Miscellaneous  
   Total general cash receipts  
 Transfers  
 Total general cash receipts and transfers

Change in net assets

Net assets at, beginning of year

Net assets at, end of year

The Notes to the Basic Financial Statements are an Integral Part of this Statement



<u>Primary Government</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business -</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
\$ (6,451,378)	\$ -	\$ (6,451,378)
(1,324,642)	-	(1,324,642)
(224,221)	-	(224,221)
(525,556)	-	(525,556)
(936,935)	-	(936,935)
(665,280)	-	(665,280)
(231,867)	-	(231,867)
(1,338,248)	-	(1,338,248)
(541,039)	-	(541,039)
(71,307)	-	(71,307)
(1,957,673)	-	(1,957,673)
(915,751)	-	(915,751)
(441,245)	-	(441,245)
(375,228)	-	(375,228)
139,762	-	139,762
<u>(98,254)</u>	<u>-</u>	<u>(98,254)</u>
<u>(15,958,862)</u>	<u>-</u>	<u>(15,958,862)</u>
-	(20,032)	(20,032)
-	10,765	10,765
-	<u>11,268</u>	<u>11,268</u>
-	<u>2,001</u>	<u>2,001</u>
<u>(15,958,862)</u>	<u>2,001</u>	<u>(15,956,861)</u>
11,763,100	-	11,763,100
4,946,300	-	4,946,300
498,196	-	498,196
50,452	-	50,452
<u>176,172</u>	<u>-</u>	<u>176,172</u>
17,434,220	-	17,434,220
<u>(19,955)</u>	<u>19,955</u>	<u>-</u>
<u>17,414,265</u>	<u>19,955</u>	<u>17,434,220</u>
1,455,403	21,956	1,477,359
<u>10,173,788</u>	<u>104,719</u>	<u>10,278,507</u>
\$ <u><u>11,629,191</u></u>	\$ <u><u>126,675</u></u>	\$ <u><u>11,755,866</u></u>

# Wickliffe City School District

## Balance Sheet – Cash Basis Governmental Funds

June 30, 2008

---

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ <u>10,749,927</u>	\$ <u>875,495</u>	\$ <u>11,625,422</u>
Total assets	\$ <u>10,749,927</u>	\$ <u>875,495</u>	\$ <u>11,625,422</u>
Fund balances:			
Reserved for encumbrances	\$ 1,459,780	\$ 67,458	\$ 1,527,238
Unreserved; undesignated (deficit) for:			
General fund	9,290,147	-	9,290,147
Special revenue funds	-	219,093	219,093
Capital projects funds	-	<u>588,944</u>	<u>588,944</u>
Total fund balances	\$ <u>10,749,927</u>	\$ <u>875,495</u>	\$ <u>11,625,422</u>

**Wickliffe City School District**

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

June 30, 2008

---

Total Governmental Funds Balances \$ 11,625,422

Amounts Reported for Governmental Activities in the  
Statement of Net Assets are different because:

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets of the Internal Service Funds are included in Governmental Activities in the Statement of Net Assets. 3,769

Net assets of governmental activities \$ 11,629,191

# Wickliffe City School District

## Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds

For The Fiscal Year Ended June 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:			
Taxes	\$ 11,763,100	\$ -	\$ 11,763,100
Earnings on investments	487,546	10,650	498,196
Extracurricular activities	41,095	123,047	164,142
Classroom materials and fees	106,279	-	106,279
Tuition and fees	24,133	-	24,133
Charges for services	-	1,897	1,897
Miscellaneous	167,692	35,167	202,859
Intergovernmental	<u>5,064,308</u>	<u>1,282,147</u>	<u>6,346,455</u>
Total cash receipts	<u>17,654,153</u>	<u>1,452,908</u>	<u>19,107,061</u>
Cash disbursements:			
Instruction:			
Regular education	6,466,473	160,671	6,627,144
Special education	1,935,408	336,565	2,271,973
Vocational education	224,221	-	224,221
Other	507,156	18,400	525,556
Support Services:			
Pupils	653,521	355,965	1,009,486
Instructional staff	586,451	81,259	667,710
Board of education	231,867	-	231,867
Administration	1,256,596	81,652	1,338,248
Fiscal services	541,039	-	541,039
Business	71,307	-	71,307
Operations and maintenance - plant	1,960,816	-	1,960,816
Pupil transportation	915,751	-	915,751
Central services	363,573	101,920	465,493
Operations of non-instructional services	-	542,920	542,920
Extracurricular activities:			
Academic and subject oriented	15,339	24,623	39,962
Sports oriented	191,026	86,167	277,193
Co-curricular	17,580	889	18,469
Capital Outlay			
Site improvement services	35,938	-	35,938
Architecture and engineering services	50,179	-	50,179
Building improvement services	4,960	-	4,960
Other facilities acquisition and construction	<u>7,177</u>	<u>-</u>	<u>7,177</u>
Total cash disbursements	<u>16,036,378</u>	<u>1,791,031</u>	<u>17,827,409</u>
Total excess of cash receipts over (under) cash disbursements	<u>1,617,775</u>	<u>(338,123)</u>	<u>1,279,652</u>

Continued

The Notes to the Basic Financial Statements are an Integral Part of this Statement

## Wickliffe City School District

### Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds (continued)

For The Fiscal Year Ended June 30, 2008

---

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):			
Proceeds from the sale of capital assets	50,452	-	50,452
Advances – in	1,116,259	37,736	1,153,995
Transfers – in	-	21,324	21,324
Refund of prior year disbursements	92,394	-	92,394
Advances – out	(57,771)	(22,241)	(80,012)
Transfers – out	(806,114)	-	(806,114)
Refund of prior year receipts	-	(120)	(120)
Total other financing sources (uses)	<u>395,220</u>	<u>36,699</u>	<u>431,919</u>
Net change in fund balance	2,012,995	(301,424)	1,711,571
Fund balance at beginning of year	<u>8,736,932</u>	<u>1,176,919</u>	<u>9,913,851</u>
Fund balance at end of year	\$ <u>10,749,927</u>	\$ <u>875,495</u>	\$ <u>11,625,422</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

## Wickliffe City School District

### Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For The Fiscal Year Ended June 30, 2008

---

Net Change in Fund Balances - Total Governmental Funds \$ 1,711,571

*Amounts Reported for Governmental Activities in the Statement of Activities are different because:*

Internal Service Funds are used by management to charge to costs of certain activities, such as insurance to individual funds. The net receipts (disbursements) of the Internal Service Funds are reported with Governmental Activities.

(256,168)

*Change in Net Assets of Governmental Activities* \$ 1,455,403

The Notes to the Basic Financial Statements are an Integral Part of this Statement

# Wickliffe City School District

## Statement of Cash Receipts, Disbursements, and Changes in Fund Balances Budget (Non-GAAP) and Actual – General Fund

For The Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Cash receipts:				
Taxes	\$ 13,139,212	\$ 13,139,212	\$ 11,763,100	\$ (1,376,112)
Earnings on investments	320,581	320,581	487,546	166,965
Extracurricular activities	27,022	27,022	41,095	14,073
Classroom materials and fees	69,883	69,883	106,279	36,396
Tuition and fees	15,868	15,868	24,133	8,265
Miscellaneous	110,264	110,264	167,692	57,428
Intergovernmental	3,329,984	3,329,984	5,064,308	1,734,324
Total cash receipts	<u>17,012,814</u>	<u>17,012,814</u>	<u>17,654,153</u>	<u>641,339</u>
Cash disbursements:				
Instruction:				
Regular	7,833,792	7,773,181	7,058,159	715,022
Special	2,324,406	2,306,423	2,110,970	195,452
Vocational education	269,288	267,204	244,560	22,643
Other	609,090	604,377	553,161	51,216
Supporting services:				
Pupils	784,873	778,801	712,802	65,998
Instructional staff	704,322	698,873	639,648	59,224
Board of education	278,470	276,315	252,900	23,419
Administration	1,509,159	1,497,484	1,370,583	126,901
Fiscal services	649,783	644,755	590,117	54,638
Business	85,639	84,977	77,775	7,202
Operation and maintenance – plant	2,354,921	2,336,702	2,138,683	198,018
Pupil transportation	1,099,808	1,091,299	998,820	92,479
Central services	436,647	433,269	396,553	36,716
Extracurricular activities:				
Academic subject oriented activities	18,422	18,280	16,730	1,549
Sports oriented	229,420	227,645	208,354	19,291
Co-curricular activities	21,113	20,950	19,175	1,776
Facilities acquisition and construction:				
Site improvement services	43,161	42,828	39,198	3,630
Architecture and engineering services	60,264	59,798	54,731	5,068
Building improvement services	5,956	5,910	5,410	501
Other facilities acquisition and construction services	<u>8,620</u>	<u>8,553</u>	<u>7,828</u>	<u>725</u>
Total cash disbursements	<u>19,327,154</u>	<u>19,177,623</u>	<u>17,496,158</u>	<u>1,681,465</u>
Excess cash receipts over (under) cash disbursements	<u>(2,314,340)</u>	<u>(2,164,809)</u>	<u>157,995</u>	<u>2,322,804</u>

Continued

The Notes to the Basic Financial Statements are an Integral Part of this Statement

## Wickliffe City School District

### Statement of Cash Receipts, Disbursements, and Changes in Fund Balances Budget (Non-GAAP) and Actual – General Fund (continued)

For The Fiscal Year Ended June 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Other financing sources (uses):				
Proceeds from sale of capital assets	33,174	33,174	50,452	17,278
Advances – in	733,985	733,985	1,116,259	382,274
Refund of prior year disbursements	60,753	60,753	92,394	31,641
Advances – out	(63,612)	(63,120)	(57,771)	5,349
Transfers – out	<u>(887,615)</u>	<u>(880,751)</u>	<u>(806,114)</u>	<u>74,637</u>
Total other financing sources (uses)	<u>(123,315)</u>	<u>(115,960)</u>	<u>395,220</u>	<u>511,180</u>
Net change in fund balance	(2,437,655)	(2,280,769)	553,215	2,833,984
Fund balance at beginning of year	6,999,179	6,999,179	6,999,179	-
Prior year encumbrances	<u>1,737,753</u>	<u>1,737,753</u>	<u>1,737,753</u>	-
Fund balance at end of year	\$ <u>6,299,277</u>	\$ <u>6,456,163</u>	\$ <u>9,290,147</u>	\$ <u>2,833,984</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement



# Wickliffe City School District

## Statement of Fund Net Assets – Cash Basis Proprietary Funds

June 30, 2008

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	<u>Business-Type Activities</u> Enterprise Funds	<u>Governmental Activities</u> Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ <u>126,675</u>	\$ <u>3,769</u>
Total assets	<u>126,675</u>	<u>3,769</u>
Net assets:		
Unrestricted	<u>126,675</u>	<u>3,769</u>
Total net assets	\$ <u><u>126,675</u></u>	\$ <u><u>3,769</u></u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

## Wickliffe City School District

### Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Cash Basis Proprietary Funds

For the Fiscal Year Ended June 30, 2008

	Business-Type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
Operating cash receipts:		
Tuition and fees	\$ 10,765	\$ -
Charges for services	72,808	-
Extracurricular activities	-	291
Miscellaneous	63,459	-
Intergovernmental	59,009	-
Total operating cash receipts	<u>206,041</u>	<u>291</u>
Operating cash disbursements:		
Salaries and wages	56,234	17,210
Fringe benefits	21,917	6,732
Contract services	-	-
Materials and supplies	<u>125,889</u>	<u>-</u>
Total operating cash disbursements	<u>204,040</u>	<u>23,942</u>
Operating loss	<u>2,001</u>	<u>(23,651)</u>
Non-operating cash receipts and disbursements:		
Refund of prior year disbursements	<u>-</u>	<u>76,631</u>
Total non-operating cash receipts and disbursements	<u>-</u>	<u>76,631</u>
Loss before transfers and advances	2,001	52,980
Advances – in	20,035	-
Transfers – in	19,955	764,835
Advances – out	<u>(20,035)</u>	<u>(1,073,983)</u>
Total transfers and advances	<u>19,955</u>	<u>(309,148)</u>
Change in net assets	21,956	(256,168)
Total net assets at beginning of year	<u>104,719</u>	<u>259,937</u>
Total net assets at end of year	\$ <u><u>126,675</u></u>	\$ <u><u>3,769</u></u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

**Wickliffe City School District**

Statement of Fiduciary Assets and Liabilities – Cash Basis  
Fiduciary Funds

June 30, 2008

---

	<u>Trust Funds</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ <u>3,583</u>	\$ <u>45,696</u>
Liabilities:		
Due to students	<u>-</u>	\$ <u>45,696</u>
Net assets:		
Held in trust	\$ <u>3,583</u>	

The Notes to the Basic Financial Statements are an Integral Part of this Statement

## Wickliffe City School District

### Statement of Changes in Fiduciary Assets – Cash Basis Fiduciary Funds

For the Fiscal Year Ended June 30, 2008

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	<u>Trust Funds</u>
Additions:	
Interest income	\$ <u>108</u>
Total additions	<u>108</u>
Deletions:	
Other operating expenses	<u>123</u>
Total deletions	<u>123</u>
Change in net assets	(15)
Net assets beginning of year	<u>3,598</u>
Net assets end of year	\$ <u><u>3,583</u></u>

# Wickliffe City School District

Notes To Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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## **Note 1: Description of the School District and Reporting Entity**

The Wickliffe City School District (the “District”) is located in Lake County in Northern Ohio. The District was organized in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District serves an area of approximately four square miles consisting of the corporate limits of the City of Wickliffe. The District employs 83 support employees and 118 certified employees who provide services to 1,473 pupils and other community members. The District currently operates three school buildings.

### ***Reporting Entity***

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

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the School District and are significantly in amount to the District. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units.

The District is the primary government and constitutes the entire reporting entity. The Wickliffe Public Library located in the District, is a related organization to the District. The Library is not included on the District’s financial statements.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 1: Description of the School District and Reporting Entity (continued)**

### ***Reporting Entity (continued)***

The District is associated with four jointly governed organizations. These organizations are the East Shore Center, Ohio School's Council, and Lake County Schools Council of Governments Health Care Benefits Program. These organizations are described in detail in Note 10.

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

## **Note 2: Summary of Significant Accounting Policies**

These financial statements follow a cash basis of accounting. This is a basis of accounting other than generally accepted accounting principles. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

### **A. Basis of Presentation**

The School 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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements.

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

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 2: Summary of Significant Accounting Policies (continued)**

### **A. Basis of Presentation (continued)**

#### *Fund Financial Statements*

During the year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

### **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, proprietary and fiduciary.

#### *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 following 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 balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; and for grants and other resources whose use is restricted to a particular purpose.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 2: Summary of Significant Accounting Policies (continued)**

### ***B. Fund Accounting (continued)***

#### *Proprietary Funds*

Proprietary funds focus on the determination of operating income/loss, changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

#### *Enterprise Funds*

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

#### *Internal Service Fund*

The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis.

#### *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 private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for various student-managed activities.

### ***C. Basis of Accounting***

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.



# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 2: Summary of Significant Accounting Policies (continued)**

### **C. Basis of Accounting (continued)**

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

### **D. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on cash disbursements plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

### **E. Cash and Cash Equivalents**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. Individual fund integrity is maintained through District records.

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

## Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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### Note 2: Summary of Significant Accounting Policies (continued)

#### E. Cash and Cash Equivalents (continued)

The District complies with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. As a governmental entity other than an external investment pool in accordance with GASB 31, the District's investments are stated at fair value, except for interest-earning investment contracts, money market investments, and external investment pools (see Note 3).

In applying GASB Statement No. 31, the District utilized the following methods and assumptions as of June 30, 2008:

The portfolio was limited to nonparticipating interest-earning investment contracts and U.S. Government Securities.

Most of the District's investments are reported at fair value, which is the quoted market price as of the valuation date. For investments in STAROhio, fair value is determined by the pool's share price. Exceptions to the fair value requirement include nonparticipating interest-earning investment contracts and money market investments.

Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. Money market investments, including U.S. Treasury and agency obligations that had a remaining maturity of one year or less at the time of purchase by the District, are reported at amortized cost.

Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the general fund to the extent its cash and investments balance exceeds the cumulative value of those investments subject to GASB Statement No. 31.

The gain/loss resulting from valuation will be reported within the investment earnings account on the Statement of Activities.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2008. STAROhio is an investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$487,546, which includes \$34,656 assigned from other School District funds.

Based upon the reporting requirements of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District does not sponsor an external investment pool.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 2: Summary of Significant Accounting Policies (continued)**

### ***E. Cash and Cash Equivalents (continued)***

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 School 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.

### ***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements.

### ***G. Inventory and Prepaid Items***

The District reports disbursement for inventory and prepaid items when paid. These items are not reflected as assets on the accompanying financial statements.

### ***H. Capital Assets***

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

### ***I. Interfund Receivables/Payables***

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statement.

### ***J. Employer Contributions to Cost-Sharing Pension Plans***

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

### ***K. Long-Term Obligations***

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 2: Summary of Significant Accounting Policies (continued)**

### ***L. Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

### ***M. Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. There are no restricted assets due to enabling legislation. Net assets restricted for other purposes include resources restricted for federal and state grants restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

### ***N. Fund Balance Reserves***

Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

### ***O. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

### ***P. 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 Board of Education and that are either unusual in nature or infrequent in occurrence. During the fiscal year, the District had neither special items nor extraordinary items.

### ***S. Reclassification***

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 3: 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 five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

1. United States Treasury notes, bills, bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 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 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 (STAROhio)
7. Certain banker's acceptance 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 monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## Note 3: Deposits and Investments (continued)

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

### Cash on Hand

At fiscal year-end, the District had \$825 in undeposited cash on hand which is included on the basic financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents".

### Deposits

*Custodial Credit Risk* is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, the District had a book balance of \$10,241,119. Of the District's bank balance of \$10,628,718, \$10,228,718 was exposed to custodial risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. Although the securities held by the pledging institution's trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

The District has no deposit policy for custodial risk beyond the requirements of the State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

### Investments

Investments are reported as fair value. As of June 30, 2008, the District had the following investments:

	Fair Value	Maturity	
		6 months or less	More than 6 months
Federal National Mortgage Association Bonds	\$ 275,603	\$ 275,603	\$ -
Federal Home Loan Bank	276,031	276,031	-
Federal Home Loan Mortgage Corporation	573,229	-	573,229
Sweep Accounts	438,338	438,338	-
Total Portfolio	\$ <u>1,563,201</u>	\$ <u>989,972</u>	\$ <u>573,229</u>

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## Note 3: Deposits and Investments (continued)

**Interest Rate Risk** arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operation funds primarily in short-term investments. The District investment policy also limits security purchases to those that mature five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than four years.

**Custodial Risk** for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the District must meet a set of prescribed standards and be periodically reviewed.

**Credit Risk** is addressed by the District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer. All investments of the District are registered and carry a rating AAA by Standard & Poor's.

**Concentration of Credit Risk** is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal National Mortgage Association Bonds	17.63%
Federal Home Loan bank	17.66
Federal Home Loan Mortgage Corporation	36.67
Sweep Accounts	28.04

## Note 4: Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Property tax receipts received during calendar 2008 for real and public utility property taxes represents collections of calendar 2007 taxes. Property tax payments received during calendar 2008 for tangible personal property (other than public utility property) are for calendar 2008 taxes.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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**Note 4: Property Taxes (continued)**

Real property tax receipts received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 are levied after April 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five 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 later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after April 1, 2008 and are collected in 2009 with real property taxes.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property assessments are twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2007 Second-Half Collections		2008 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 337,437,390	88.76%	\$ 339,590,260	93.89%
Public Utility Personal	7,697,220	2.26%	6,082,380	1.68%
Tangible Personal Property	<u>22,394,093</u>	<u>8.98%</u>	<u>16,024,163</u>	<u>4.43%</u>
	<u>\$ 367,528,703</u>	<u>100.00%</u>	<u>\$ 361,696,803</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 67.31		\$ 67.31	

Tangible personal property taxes 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 and are intended to finance the fiscal year in which they are paid.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Wickliffe City School District. The County Auditor periodically advances to the District its portion of the taxes. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.



# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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**Note 5: Interfund Advances and Transfers**

**A.** Interfund advances consisted of the following at June 30, 2008, as reported on the fund statement.

Advance from	Advance to			
	General Fund	Non-major Governmental	Non-major Business type	Total
General fund	\$ -	\$ 37,736	\$ 20,035	\$ 57,771
Non-major governmental	22,241	-	-	22,241
Non-major business type	20,035	-	-	20,035
Internal service	1,073,983	-	-	1,073,983
Total	\$ <u>1,116,259</u>	\$ <u>37,736</u>	\$ <u>20,035</u>	\$ <u>1,174,030</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

**B.** Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund statements.

Transfer from	Transfer to			Total
	Non-major Governmental	Non-major Business Type	Internal Service	
General fund	\$ <u>21,324</u>	\$ <u>19,955</u>	\$ <u>764,835</u>	\$ <u>806,114</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 6: Risk Management**

### **A. Property and Liability**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and nature disasters. During fiscal year 2008, the District contracted with the Ohio Casualty, a member of Liberty Mutual, for property, fleet, liability, inland marine, crime, general liability, errors and omissions and sexual misconduct and molestation liability coverage. Additionally, the District has an umbrella policy. Coverage provided with Indiana Insurance are as follows:

	<u>Coverage</u>
Buildings and Contents – replacement costs	\$ 46,219,146
Inland Marine	75,000
Crime Insurances	40,000
Automobile Liability	1,000,000
Uninsured Motorists	500,000
General Liability	
Per Occurrence	1,000,000
Total per year	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

### **B. Employee Medical Coverage**

The District has elected to provide medical coverage through premium payment to the Lake County Council of Governments Health Care Benefits Program. The District paid \$1,857,535 in premiums during fiscal year 2008.

### **C. Worker's Compensation**

For fiscal year 2008, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 7: Defined Benefit Pension Plans**

### **A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor 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 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Forms and Publications*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$327,887, \$286,348, and \$315,972, respectively; equal to the required contributions the year.

### **B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), 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 E. Broad St., Columbus, OH 43215-3371 or by calling toll free (614) 227-4090 or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and the employer contributions are used fund a 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.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 7: Defined Benefit Pension Plans (continued)**

### ***B. State Teachers Retirement System (continued)***

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,” retirement allowance is based on the 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.

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 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.

In the Combined plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefits are 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 DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active 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 DB 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.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 7: Defined Benefit Pension Plans (continued)**

### **B. State Teachers Retirement System (continued)**

For the fiscal years ended June 30, 2008, 2007 and 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$1,008,534, \$948,034, and \$858,612, respectively; 100 percent has been contributed for fiscal years 2007 and 2006, while 94.71 percent has been contributed for 2008.

### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

## **Note 8: Postemployment Benefits**

Ohio law authorizes STRS to offer a cost-sharing, multiple employer health care plan to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed

Pursuant to 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients, for the most recent year, pay portion of the health care costs in the form of a monthly premium.

Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care. For the fiscal years ended June 30, 2008, 2007 and 2006 the School District's contributions to post-employment health care were \$72,038, \$67,717 and \$64,699, respectively. The 14% employer contribution rate is the maximum rate established under Ohio law.

## Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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### **Note 8: Postemployment Benefits (continued)**

SERS administers two post-employment benefit plans, the Medicare Part B Plan and the Health Care Plan. Active members do not make contributions to the Postemployment benefit plans. The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premiums or the current premium. The Medicare Part B premium of calendar year 2007 (most recent information available) was \$93.50. SERS' reimbursement to retirees was \$45.50. The Retirement Board, with the advice of actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2007 (most recent information available) the actuarially required allocation was .68%. For the fiscal years ended June 30, 2008, 2007 and 2006 the School District's contributions to Medicare Part B were \$22,296, \$19,472 and \$18,891 respectively.

The Health Care Plan is funded through employer contributions as set forth in ORC 3309.375 and 3309.69. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription plans, respectively.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employers' 14 percent contribution to the Health Care Fund. At June 30, 2007 (the most recent information available) the health care allocation was 3.32 percent. The actuarially required contribution (ARC), as of December 31, 2006 annual valuation, was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. For the fiscal years ended June 30, 2008, 2007 and 2006 the School District's contributions to post-employment health care were \$108,858, \$101,034 and \$95,290, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## Note 9: Leases

The District has entered into a lease agreement with T Mobile Central, LLC (T Mobile) where T Mobile will use the District's property to access utilities commencing June 27, 2007 for 5 years with five successive five year options to renew. Total revenue from this lease in 2008 was \$21,600. The base rent is \$1,800 per month, which is to increase by 3% annually on the anniversary of the commencement date.

Future minimum rents to be received from this lease are as follows:

2009	\$	22,248
2010		22,915
2011		23,603
2012		<u>24,311</u>
	\$	<u>93,077</u>

## Note 10: Jointly Governed Organizations and Public Entity Risk Pool

### A. Jointly Governed Organizations

#### *East Shore Center*

The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. In fiscal year 2008, the School District paid \$-0- to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 320, Painesville, OH 44077.

#### *Ohio Schools' Council Association*

The Ohio Schools Council Association (Council) is a jointly governed organization among 121 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2008, the School District paid \$1,265 to the Council. Financial Information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

## Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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### **Note 10: Jointly Governed Organizations and Public Entity Risk Pool (continued)**

#### **A. Jointly Governed Organizations (continued)**

##### *Ohio Schools' Council Association (continued)*

The School District participates in the Council's natural gas program. The Council provides participating school districts the ability to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. There are currently 137 districts in the Program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

The School District also participates in the Council's electric purchase program. The Council provides 238 school districts and 11 MR/DD boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison) the ability to purchase electricity at reduced rates if the school district committed to participating in either a thirty-six month (Cleveland Electric Illuminating Company) or a forty-four month (Ohio Edison and Toledo Edison) program beginning either May 1, 2005 or January 1, 2006 and ending December 31, 2008. Each month, the Council invoices participants based on estimated usage that was determined when the program was established. Each September, these estimated payments are compared to their actual usage for tile year (July to June). Refund checks are issued to districts that consumed less than their projected usage of electrical energy and districts that over-consumed are invoiced.



# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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## **Note 11: Claims Servicing Pool**

The District participates in the Lake County Council of Governments Health Care Benefits (HCBP) Self Insurance Program, a claims servicing pool comprised of nine Lake County school districts. Each school district has a representative on the assembly (usually the superintendent or designee). Each member pays an administrative fee to the pool. The plan's business and affairs are conducted by a five member Board of Directors elected by the HCBP's assembly. The assembly elects officers for one year terms to serve on the Board of Directors. Financial information can be obtained from the Lake County Educational Service Center at 30 South Park Place, Suite 30, Painesville, Ohio 44077.

## **Note 12: Related Organizations**

### *Wickliffe Public Library*

The Wickliffe 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 District's Board of Education. 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. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. 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 Wickliffe Public Library, Rick Zalecky, Clerk/Treasurer, 1713 Lincoln Road, Wickliffe, Ohio 44092.

## **Note 13: Contingencies**

### **A. Grants**

The District receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2008.

### **B. Litigation**

As of June 30, 2008, the District is a defendant in legal proceedings to matters which are incidental to performing routine School District functions. Based on the status of these legal proceedings, it is the opinion of management and legal counsel that the ultimate resolution of such may result in the School District being required to pay damages to a former employee.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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**Note 14: Set-Aside Calculations**

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. These amounts must carry 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 Instructional Materials Reserve	Capital Improvements Reserve
	<u>                    </u>	<u>                    </u>
Set-Aside Reserve Balance as of June 30, 2007	\$ (782,195)	\$ -
Current Year Set-Aside Requirements	228,489	228,489
Qualifying Disbursements	<u>(482,409)</u>	<u>(496,818)</u>
Total	<u>(1,036,115)</u>	<u>(268,329)</u>
Set-Aside Reserve Balance as of June 30, 2008	\$ <u>                    -</u>	\$ <u>                    -</u>

The School district had qualifying cash disbursements during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years. Although the School District had qualifying offsets and disbursements during the fiscal year that reduced the set aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

# Wickliffe City School District

Notes To Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2008

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**Note 15:        Budgetary Basis of Accounting and Compliance**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursement, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as cash disbursement (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,459,780 for the General Fund.

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**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
National School Lunch Program	10.555	57,534	57,534
Total Nutrition Cluster			
Total U.S. Department of Agriculture		<u>57,534</u>	<u>57,534</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education: Grants to States	84.027	533,633	511,838
Special Education: Preschool Grants	84.173	<u>8,204</u>	<u>11,171</u>
Total Special Education Cluster		<u>541,837</u>	<u>523,009</u>
Title I Grants to Local Educational Agencies	84.010	209,032	287,310
Safe and Drug-Free Schools and Communities State Grants	84.186	4,147	5,134
Innovative Education Program Strategies	84.298	1,196	4,851
Education Technology State Grants	84.318	3,000	3,603
Improving Teacher Quality State Grants	84.367	<u>49,482</u>	<u>62,164</u>
Total U.S. Department of Education		<u>808,694</u>	<u>886,071</u>
<b>Total Federal Assistance</b>		<u><u>\$866,228</u></u>	<u><u>\$943,605</u></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (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**

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

CFDA - Catalog of Federal Domestic Assistance.



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Wickliffe City School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 16, 2009, wherein we noted the District utilized a basis of accounting other than that prescribed by Ohio Administrative Code Section 117-2-03(B). 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 the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated June 16, 2009.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or another matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 16, 2009.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

June 16, 2009





# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of the Wickliffe City School District, Lake 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 apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Wickliffe City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

June 16, 2009

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education Cluster (84.027 & 84.173)
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008  
(Continued)

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

**FINDING NUMBER 2008-001**

**Noncompliance Finding**

**Annual Financial Report**

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

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

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

**Official's Response:**

Over the last several fiscal years the Board has reduced programs and services to students as a result of failed levy attempts that eventually were successful but at a tremendously reduced rate of revenue (10 mills vs 7 mills) to the district. Through FY2006 the Board authorized filing cash statements. Effective with FY2007 the Board reviewed the costs and consequences of filing cash vs OCBOA vs GAAP. The Board wanted an unqualified opinion for the district and therefore directed the treasurer to prepare OCBOA statements effective FY2007 going forward thereby saving the district the additional cost of GAAP based statements. The Board of Education is of the opinion that the funds we have today are all we will have from the electorate for the next 5 – 7 years therefore reductions must be achieved.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**WICKLIFFE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Revised Code 117.38 – The District does not file GAAP financial statements	No	Not Corrected, Finding is repeated, See 2008-001





**Mary Taylor, CPA**  
Auditor of State

**WICKLIFFE CITY SCHOOL DISTRICT**  
**LAKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**JULY 7, 2009**