

**ANTHONY WAYNE
LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2000***

PAT PENNY, TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Anthony Wayne Local School District
11012 Shepler, P.O. Box 2487
Whitehouse, Ohio 43571

We have reviewed the Independent Auditor's Report of the Anthony Wayne Local School District, Lucas County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 8, 2001

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types	5
Statement of Revenues, Expenses, and Changes in (Accumulated Deficit)/Retained Earnings - Proprietary Fund Type	6
Statement of Cash Flows - Proprietary Fund Type	7
Notes to the General Purpose Financial Statements.	8 - 45
Supplemental Data	
Schedule of Expenditures of Federal Awards	46
Report on Compliance and on Internal Control over Financial Reporting Required By <i>Government Auditing Standards</i>	47 - 48
Report on Compliance with Requirements Applicable to Its Major Federal Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	49 - 50
Schedule of Findings <i>OMB Circular A-133</i>	51 - 53
Schedule of Prior Audit Findings	54

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

Board of Education
Anthony Wayne Local School District
11012 Shepler, P. O. Box 2487
Whitehouse, Ohio 43571

We have audited the accompanying general purpose financial statements of the Anthony Wayne Local School District, Lucas County, (the "District"), as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Anthony Wayne Local School District, Lucas County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
December 11, 2000

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service			Capital Projects	Enterprise	
ASSETS AND OTHER DEBITS								
ASSETS:								
Equity in pooled cash and cash equivalents	\$2,764,315	\$240,838	\$1,132,242	\$115,813	\$389,078			\$19,347,522
Receivables (net of allowances of uncollectibles):								
Property taxes - current and delinquent	16,087,871		1,611,312					17,699,183
Accounts	1,216							1,216
Accrued interest	25,868							25,868
Due from other governments		24,297		8,681				32,978
Advances to other funds	41,272							41,272
Prepayments	25,180							25,180
Materials and supplies inventory	16,889			12,757				29,646
Restricted assets:								
Equity in pooled cash and cash equivalents	582,280							582,280
Property, plant and equipment (net of accumulated depreciation where applicable)				9,450		\$34,764,519		34,773,969
OTHER DEBITS:								
Amount available in Debt Service Fund							\$1,277,339	1,277,339
Amount to be provided for retirement of General Long-Term Obligations.							13,998,404	13,998,404
Total assets and other debits	\$19,544,891	\$265,135	\$2,743,554	\$146,701	\$389,078	\$34,764,519	\$15,275,743	\$87,834,857

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

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)			
	General	Special Revenue	Debt Service			Capital Projects	Enterprise		Trust and Agency	General	
										Assets	Long-Term Obligations
LIABILITIES, EQUITY AND OTHER CREDITS											
LIABILITIES:											
Accounts payable	\$12,513	\$469		\$1,300				\$14,282			
Accrued wages and benefits	2,392,504	42,386		9	\$108			2,480,647			
Compensated absences payable	7,133				16,846		\$1,234,138	1,258,117			
Pension obligation payable	384,584	600			16,577		144,844	546,605			
Advances from other funds					41,272			41,272			
Deferred revenue	13,696,667		\$1,466,215		9,288			15,172,170			
Due to other governments	30,906				6,578			37,484			
Due to students					90,259			90,259			
General obligation bonds payable				13,750,000			13,849,494	13,849,494			
Bond anticipation note payable							47,267	13,750,000			
Obligation under capital lease								47,267			
Total liabilities	16,524,307	43,455	1,466,215	13,751,309	129,623	96,945	15,275,743	47,287,597			
EQUITY AND OTHER CREDITS:											
Investment in general fixed assets							\$34,764,519	34,764,519			
Contributed capital					9,450			9,450			
Retained earnings: unreserved					7,628			7,628			
Fund balances:											
Reserved for encumbrances	555,049	12,725		4,696,315		1,000		5,265,089			
Reserved for materials and supplies inventory	16,889							16,889			
Reserved for prepayments	25,180							25,180			
Reserved for debt service			1,349,563					1,349,563			
Reserved for tax revenue unavailable for appropriation	27,410		3,836					31,246			
Reserved for budget stabilization	582,280							582,280			
Reserved for advances	41,272							41,272			
Unreserved-undesignated	1,772,504	208,955	(76,060)	(3,742,388)		291,133		(1,545,856)			
Total equity and other credits	3,020,584	221,680	1,277,339	953,927	17,078	292,133	-	40,547,260			
Total liabilities, equity and other credits	\$19,544,891	\$265,135	\$2,743,554	\$14,705,236	\$146,701	\$389,078	\$15,275,743	\$87,834,857			

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

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
Revenues:						
From local sources:						
Taxes	\$12,629,834		\$1,609,853			\$14,239,687
Tuition	116,041					116,041
Earnings on investments	428,869			\$136,080		564,949
Donations					\$147,127	147,127
Extracurricular revenue		\$298,466				298,466
Other local revenues	173,387	42,656			2,145	218,188
Intergovernmental - State	7,458,300	144,762	83,873	192,671		7,879,606
Intergovernmental - Federal	156,022	360,930				516,952
Total revenues	20,962,453	846,814	1,693,726	328,751	149,272	23,981,016
Expenditures:						
Current:						
Instruction:						
Regular	10,554,473	173,039			24,875	10,752,387
Special	1,262,484	105,225				1,367,709
Vocational	315,516					315,516
Support services:						
Pupil	826,569	8,944				835,513
Instructional staff	363,368	71,874				435,242
Board of Education	745,142					745,142
Administration	1,702,940	10,558				1,713,498
Fiscal	429,728		283			430,011
Operations and maintenance	2,677,524			64,734		2,742,258
Pupil transportation	1,778,872	937				1,779,809
Central		6,162				6,162
Community services		107,941			7,650	115,591
Extracurricular activities	345,362	314,471				659,833
Facilities services	474,847			104,971		579,818
Capital outlay	11,331					11,331
Debt service:						
Principal retirement	33,171		425,000	41,356		499,527
Interest and fiscal charges	9,169		753,163	10,611		772,943
Total expenditures	21,530,496	799,151	1,178,446	221,672	32,525	23,762,290
Excess (deficiency) of revenues over (under) expenditures	(568,043)	47,663	515,280	107,079	116,747	218,726
Other financing sources:						
Proceeds of capital lease transaction	11,331					11,331
Total other financing sources	11,331	-	-	-	-	11,331
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(556,712)	47,663	515,280	107,079	116,747	230,057
Fund balances, July 1, 1999	3,575,093	174,017	762,059	846,848	175,386	5,533,403
Increase in reserve for inventory	2,203					2,203
Fund balances, June 30, 2000	\$3,020,584	\$221,680	\$1,277,339	\$953,927	\$292,133	\$5,765,663

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

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised	Actual	Variance: Favorable (Unfavorable)	Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$12,412,026	\$12,412,026	\$0				\$1,363,368	\$1,363,368	\$0				\$13,775,394	\$13,775,394	\$0
Tuition.....	116,041	116,041	0										116,041	116,041	0
Earnings on investments.....	429,368	429,368	0										565,448	565,448	0
Extracurricular revenue.....				\$298,366	\$298,366	\$0							298,366	298,366	0
Other local revenues.....	122,647	122,647	0	\$42,656	\$42,656	0							165,303	165,303	0
Intergovernmental - State.....	7,323,981	7,323,981	0	189,386	189,386	0	83,873	83,873	0	174,559	174,559	0	7,771,799	7,771,799	0
Intergovernmental - Federal.....	159,411	159,411	0	292,108	292,108	0							451,519	451,519	0
Total revenues.....	20,563,474	20,563,474	0	822,516	822,516	0	1,447,241	1,447,241	0	310,639	310,639	0	23,143,870	23,143,870	0
Expenditures:															
Current:															
Instruction:															
Regular.....	10,700,004	10,611,697	88,307	128,543	90,670	37,873				369,903	369,903	(304,815)	10,893,635	11,072,270	(178,635)
Special.....	1,324,192	1,242,888	81,304	272,975	165,993	106,982				65,088	65,088	(304,815)	1,597,167	1,408,881	188,286
Vocational.....	298,890	308,205	(9,315)										298,890	308,205	(9,315)
Support services:															
Pupil.....	834,302	811,792	22,510	9,667	8,945	722							843,969	820,737	23,232
Instructional staff.....	367,901	369,112	(1,211)	74,040	62,081	11,959							441,941	431,193	10,748
Board of Education.....	671,453	762,499	(91,046)										671,453	762,499	(91,046)
Administration.....	1,828,913	1,739,114	89,799	17,461	10,927	6,534							1,846,374	1,750,041	96,333
Fiscal.....	505,783	455,094	50,689				200	283	(83)				505,983	455,377	50,606
Operations and maintenance.....	3,215,109	2,836,902	378,207										3,539,085	3,160,878	378,207
Pupil transportation.....	2,294,125	2,013,576	280,549										2,295,450	2,014,513	280,937
Central.....				1,325	937	388							12,585	6,162	6,423
Community services.....				12,585	6,162	6,423							12,585	6,162	6,423
Extracurricular activities.....	366,391	340,771	25,620	309,012	317,674	(8,662)							675,403	112,264	(1,534)
Facilities services.....	693,433	633,174	60,259										4,229,662	4,205,987	23,675
Debt service:															
Principal retirement.....				425,000	425,000	0							425,000	425,000	0
Interest and fiscal charges.....				753,163	753,163	0							753,163	753,163	0
Total expenditures.....	23,100,496	22,124,824	975,672	936,338	775,653	160,685	1,178,363	1,178,446	(83)	4,618,726	4,899,866	(281,140)	29,833,923	28,978,789	855,134
Excess (deficiency) of revenues over (under) expenditures.....	(2,537,022)	(1,561,350)	975,672	(113,822)	46,863	160,685	268,878	268,795	(83)	(4,308,087)	(4,589,227)	(281,140)	(6,690,053)	(5,834,919)	855,134
Other financing sources (uses):															
Refund of prior year's expenditures.....															
Advances (out).....	49,595	49,595	0				(300,000)	0	300,000				49,595	49,595	0
Proceeds from sale of notes.....															
Total other financing sources (uses).....	49,595	49,595	0	-	-	-	(300,000)	0	300,000				13,750,000	13,750,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(2,487,427)	(1,511,755)	975,672	(113,822)	46,863	160,685	(31,122)	268,795	299,917	9,441,913	9,160,773	(281,140)	6,809,542	7,964,676	1,155,134
Fund balances, July 1, 1999.....	3,615,243	3,615,243	0	167,394	167,394	0	637,509	637,509	0	830,783	830,783	0	5,250,929	5,250,929	0
Prior year encumbrances appropriated.....	903,782	903,782	0	13,631	13,631	0				16,065	16,065	0	933,478	933,478	0
Fund balances, June 30, 2000.....	\$2,031,598	\$3,007,270	\$975,672	\$67,203	\$227,888	\$160,685	\$606,387	\$906,304	\$299,917	\$10,288,761	\$10,007,621	(\$281,140)	\$12,993,949	\$14,149,083	\$1,155,134

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

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN (ACCUMULATED DEFICIT)/RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$103,665
Sales/charges for services	582,972
Total operating revenues.	686,637
Operating expenses:	
Personal services	285,040
Contract services	4,650
Materials and supplies.	428,561
Depreciation.	2,459
Other.	1,440
Total operating expenses	722,150
Operating loss	(35,513)
Nonoperating revenues	
Operating grants	61,612
Federal commodities	33,785
Interest revenues	490
Total nonoperating revenues.	95,887
Net income	60,374
Addback of depreciation on fixed assets acquired from contributed capital.	2,459
Accumulated deficit July 1	(55,205)
Retained earnings June 30	\$7,628

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

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$103,712
Cash received from sales/service charges	582,972
Cash payments for personal services	(284,353)
Cash payments for contract services	(4,650)
Cash payments for materials and supplies	(390,944)
Cash payments for other expenses	(1,440)
Net cash provided by operating activities.	5,297
Cash flows from noncapital financing activities:	
Cash received from operating grants.	64,089
Net cash provided by noncapital financing activities.	64,089
Cash flows from investing:	
Interest received	490
Net cash provided by investing activities	490
Net increase in cash and cash equivalents	69,876
Cash and cash equivalents at beginning of year.	45,937
Cash and cash equivalents at end of year	\$115,813
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	(\$35,513)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,459
Federal donated commodities	33,785
Changes in assets and liabilities:	
Decrease in materials and supplies inventory.	3,168
Decrease in accounts receivable	47
Increase in accrued wages and benefits.	10,675
Decrease in compensated absences payable	(3,827)
Decrease in pension obligation payable.	(6,161)
Increase in deferred revenue.	664
Net cash provided by operating activities.	\$5,297

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Anthony Wayne Local School District (the "District") is located in Southwestern Lucas County including all of the Village of Whitehouse, Ohio, and portions of surrounding townships. The District serves an area of approximately 76.8 square miles.

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

The District ranks as the 129th largest by enrollment among the 660 public and community school districts in the State. It currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 135 non-certified and 215 (including administrative) full-time and part-time employees to provide services to approximately 3,450 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

Jointly Governed Organizations:

Penta County Joint Vocational School

The Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

Northwest Ohio Computer Association (NWOCA)

The District is a participant with 28 other school districts in a jointly governed organization to operate NWOCA. NWOCA was formed for the purpose of providing computer services. NWOCA is governed by a board of directors consisting 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 board. The District does not have an ongoing financial interest or responsibility in NWOCA.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The following are the District's Governmental Fund Types:

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

FIDUCIARY FUNDS

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

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

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

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for tax rate determination.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2000 in the following amounts:

Fund	Increase
General	\$ 158,958
Special Revenue	57,918
Debt Service	277,963
Capital Projects	4,053,122
Enterprise	123,436
 Total	 \$4,671,397

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds are disclosed in Note 13.

E. Cash and Investments

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

During 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit and commercial paper.

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 commercial paper are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statute and Federal regulations all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal 2000 totaled \$428,869, which included \$262,170 assigned from other funds of the District.

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

F. Materials and Supplies Inventory

Inventories for all Governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

G. Prepayments

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Assets Account Group.

2. Proprietary Funds

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

Asset	Life (years)
Buildings	25 - 50
Furniture, Fixtures and Minor Equipment	5 - 20
Vehicles	4 - 6

I. Intergovernmental Revenues

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Debt Service

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Teacher Development
Management Information Systems
Professional Development
Driver Education
Education for Economic Security
EPA Land Grant

Non-Reimbursable Grants - (cont'd)

Special Revenue Funds (cont'd)

Title VI-B
Title I
Title VI
Drug-Free School
Ohio Reads
Auxiliary Services

Capital Projects Funds

School Net
Power-Up Technologies

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

Reimbursable Grants

General Fund

School Bus Purchases
Driver Education
Vocational Education Travel/Salary

Proprietary

National School Lunch Program
Federal Donated Commodities

Grants and entitlements amounted to over 33% of the District's operating revenue during the 2000 fiscal year.

J. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable".
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had long-term advances receivable and payable at June 30, 2000.

An analysis of the District's interfund transactions for fiscal year 2000 is presented in Note 5.

K. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service; or twenty (20) years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

L. Contributed Capital

Contributed capital reported in the Enterprise funds represents resources provided from other funds, other governments, and private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to contributed capital at year end. The amount of depreciation is then “added back” to retained earnings, because the cost of providing services in the Enterprise funds does not include depreciation expense on amounts of contributed capital. See Note 9 for the change in contributed capital during fiscal year 2000.

M. Long-Term Obligations

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

Long-term liabilities expected to be financed from Proprietary fund operations are accounted for in those funds.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

N. Statutory Reserves

The District is required by State law to set-aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 1999	\$ 0	\$ 0	\$413,464
Current year set-aside requirement	506,448	506,448	168,816
Qualifying disbursements	<u>(822,804)</u>	<u>(990,524)</u>	<u>0</u>
Total	<u>(316,356)</u>	<u>(484,076)</u>	<u>582,280</u>
Balance carried forward to FY 2001	<u>\$ 316,356</u>	<u>\$ 0</u>	<u>\$582,280</u>

The District had qualifying disbursements during the year that reduced the textbook and capital acquisition set-aside amounts below zero. The extra amount in the textbook set-aside may be used to reduce the set-aside requirements of future years. However, the capital acquisition disbursements may not be used to reduce future set-aside amounts.

A schedule of the restricted assets at June 30, 2000, follows:

Amount restricted for budget stabilization	<u>\$582,280</u>
Total restricted assets	<u>\$582,280</u>

O. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation, budget stabilization and advances. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

P. Statement of Cash Flows

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

Q. Financial Reporting for Proprietary and Similar Fund Types

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

R. Parochial Schools

Within the District boundaries, Lial Elementary is operated through the Toledo Catholic Diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these state monies by the District are reflected in a Special Revenue fund for financial reporting purposes.

S. Estimates

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

T. Restricted Assets

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

U. Memorandum Only - Total Columns

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

The following funds had appropriations in excess of estimated resources in accordance with Ohio Revised Code Section 5705.39:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Special Revenue	Auxiliary Services	\$ 94
Special Revenue	EMIS	147
Special Revenue	EPA Land Grant	3,480
Special Revenue	Driver Education	723
Special Revenue	Title I	31,467
Special Revenue	Title VI	12,269
Special Revenue	Drug Free Schools	1,444
Capital Projects	Power Up	77,566
Internal Service	Computer Network	12,425

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The following funds had expenditures in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

<u>Fund Type</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Teacher Development	\$ 15,400	\$ 18,788	\$ 3,388
Ohio Reads	0	13,524	13,524
 <u>Capital Projects Funds:</u>			
Bond Issue 2000	104,500	4,205,486	4,100,986
SchoolNet	56,745	294,405	237,660

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

Deposits: At year-end the carrying amount of the District's deposits was \$1,164,607 and the bank balance was \$1,129,510 (both amounts include \$1,000,000 in non-negotiable certificates of deposit). Of the bank balance:

1. \$200,000 was covered by federal deposit insurance.
2. \$929,510 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

	Category of Risk 3	Fair Value
Commercial Paper	\$3,986,102	\$ 3,986,102
Not Subject to Categorization:		
Investment in State Treasurer's Investment Pool	_____	<u>14,779,093</u>
Total Investments	<u>\$3,986,102</u>	<u>\$18,765,195</u>

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

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

	Equity in Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 19,929,802	
Investments of the Cash		
Management Pool:		
State Treasurer's Investment Pool	(14,779,093)	\$14,779,093
Commercial Paper	<u>(3,986,102)</u>	<u>3,986,102</u>
GASB Statement No. 3	<u>\$ 1,164,607</u>	<u>\$18,765,195</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000 consist of the following long-term advances:

	Advanced to Other Funds	Advanced (from) Other Funds
<u>General Fund</u>	\$41,272	
<u>Enterprise Fund</u>		
Food Service	_____	\$(41,272)
Total Interfund Loans	<u>\$41,272</u>	<u>\$(41,272)</u>

NOTE 6 - PROPERTY TAXES

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

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

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2000 taxes are collected are as follows:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$325,760,450	81.72	\$366,485,340	83.65
Public Utility Personal	27,407,090	6.87	25,845,220	5.90
Tangible Personal Property	45,480,928	11.41	45,793,313	10.45
	\$398,648,468	100.00	\$438,123,873	100.00
Tax rate per \$1,000 of assessed valuation:				
Operations	\$60.90		\$60.90	
Debt Service	5.80		5.80	

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 6 - PROPERTY TAXES - (Continued)

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2000 totaled \$27,410 in the General fund and \$3,836 in the Debt Service fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accrued interest, accounts (tuition and student fees), and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current and Delinquent	\$16,087,871
Advanced to Other Funds	41,272
<u>Special Revenue Funds</u>	
Due From Other Governments	24,297
<u>Debt Service Fund</u>	
Taxes - Current and Delinquent	1,611,312
<u>Enterprise Funds</u>	
Due From Other Governments	8,681

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 8 - FIXED ASSETS

The following changes occurred in the General Fixed Assets Account Group during the year:

	<u>Balance</u> <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2000</u>
Land/Improvements	\$ 232,385			\$ 232,385
Buildings	24,173,973	\$ 534,270		24,708,243
Furniture/Equipment	6,242,200	523,788	\$ (20,702)	6,745,286
Vehicles	2,228,451	250,520		2,478,971
Construction in Progress	<u>534,270</u>	<u>599,634</u>	<u>(534,270)</u>	<u>599,634</u>
Total	<u>\$33,411,279</u>	<u>\$1,908,212</u>	<u>\$(554,972)</u>	<u>\$34,764,519</u>

A summary of the Proprietary fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$ 226,464
Less: Accumulated Depreciation	<u>(217,014)</u>
Net Fixed Assets	<u>\$ 9,450</u>

Construction in progress at June 30, 2000, consisted largely of various District projects.

NOTE 9 - CONTRIBUTED CAPITAL

The following is a reconciliation of the change in contributed capital for the Food Service fund during the fiscal year:

Contributed Capital at Beginning of Year	\$11,909
Contributions During the Year	0
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>(2,459)</u>
Contributed Capital at End of Year	<u>\$ 9,450</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years and in the current year, the District has entered into capital leases for copiers, telephone equipment, musical instruments, and computers. New leases are accounted for as a capital outlay expenditure and other financing source.

The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Fund Types and Expendable Trust Funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the General Fixed Assets Account Group in the amount of \$730,727, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2000 fiscal year totaled \$74,527. This amount is reflected as debt service principal retirement in the General fund of \$33,171 and Capital Projects funds of \$41,356.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2000.

	<u>General Long-Term Obligations</u>		
<u>Year Ending June 30</u>	<u>Copiers</u>	<u>Musical Instruments</u>	<u>Total</u>
2001	\$26,955	\$13,141	\$40,096
2002	8,068	2,026	10,094
2003	3,539	_____	3,539
Total Future Minimum Lease Payments	<u>\$38,562</u>	<u>\$15,167</u>	<u>\$53,729</u>
Less: Amount Representing Interest			(6,462)
Present Value of Future Minimum Lease Payments			<u>\$47,267</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 11 - LONG-TERM DEBT

All current general obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service fund. The source of payment is derived from a current 3.60 mill bonded debt tax levy.

A. The following is a description of the District's bonds outstanding as of June 30, 2000:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 07/01/99</u>	<u>Retired In Fiscal 2000</u>	<u>Bonds Out- Standing 06/30/00</u>
New Elementary School and Building Renovations	5.75%	09/01/93	12/1/24	\$13,399,704	\$12,919,704	\$(295,000)	\$12,624,704
Refunding Issue	5.53%	07/01/93	12/1/13	<u>2,004,790</u>	<u>1,354,790</u>	<u>(130,000)</u>	<u>1,224,790</u>
				<u>\$15,404,494</u>	<u>\$14,274,494</u>	<u>\$(425,000)</u>	<u>\$13,849,494</u>

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

<u>Year Ending June 30</u>	<u>Principal on General Obligation and Refunding Bonds</u>	<u>Interest on General Obligation and Refunding Bonds</u>	<u>Total</u>
2001	\$ 295,000	\$ 737,294	\$ 1,032,294
2002	330,000	722,877	1,052,877
2003	370,000	706,268	1,076,268
2004	420,000	687,051	1,107,051
2005	470,000	664,841	1,134,841
2006 - 2010	2,097,954	3,900,304	5,998,258
2011 - 2015	926,540	5,444,135	6,370,675
2016 - 2020	3,865,000	2,039,094	5,904,094
2021 - 2025	<u>5,075,000</u>	<u>759,144</u>	<u>5,834,144</u>
Total	<u>\$13,849,494</u>	<u>\$15,661,008</u>	<u>\$29,510,502</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 11 - LONG-TERM DEBT - (Continued)

C. During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation payable will be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2000</u>
Compensated Absences	\$ 1,204,158	\$195,489	\$(165,509)	\$ 1,234,138
Pension Obligation	122,772	144,844	(122,772)	144,844
General Obligations Bonds	12,919,704		(295,000)	12,624,704
Capital Lease	110,463	11,331	(74,527)	47,267
Refunding Bonds	<u>1,354,790</u>	<u> </u>	<u>(130,000)</u>	<u>1,224,790</u>
Total	<u>\$15,711,887</u>	<u>\$351,664</u>	<u>\$(787,808)</u>	<u>\$15,275,743</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district.

The effects of these debt limitations for the District at June 30, 2000 are a voted debt margin of \$26,935,054 (including available funds of \$1,277,339) and an unvoted debt margin of \$438,124.

NOTE 12 - NOTES PAYABLE

During fiscal 2000, the District issued a \$13,750,000 bond anticipation note. The proceeds were used for renovations and additions to the District's instructional buildings. Debt service activity for this note has been reported in the Building fund (Capital Projects fund), which received the proceeds upon issuance.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 12 - NOTES PAYABLE - (Continued)

The following is a description of the District's bond anticipation note outstanding at June 30, 2000:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Outstanding 07/01/1999</u>	<u>Additions in 2000</u>	<u>Retired in 2000</u>	<u>Notes Outstanding 06/30/2000</u>
School							
Improvements Note	4.25%	4/20/00	12/21/00	0	\$13,750,000	0	\$13,750,000
Total				<u>0</u>	<u>\$13,750,000</u>	<u>0</u>	<u>\$13,750,000</u>

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of Food Services and Uniform School Supplies. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2000.

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenue	\$582,972	\$103,665	\$686,637
Depreciation	2,459	---	2,459
Operating Income (Loss)	(53,922)	18,409	(35,513)
Non-Operating Revenue:			
Operating Grants	61,612	---	61,612
Donated Commodities	33,785	---	33,785
Net Income	41,965	18,409	60,374
Net Working Capital	1,470	64,276	65,746
Total Assets	82,425	64,276	146,701
Long-Term Liabilities			
Payable from Fund Revenues	58,118	---	58,118
Contributed Capital	9,450	---	9,450
Total Fund Equity (Deficit)	(47,198)	64,276	17,078
Encumbrances Outstanding as of 6/30/00	220	---	220

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 14 - RISK MANAGEMENT

The District does not have a "self-insurance" fund with formalized risk management programs. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

During fiscal year 2000, The District purchased from Nationwide Insurance Company (through the Ohio School Boards Association) general liability insurance, which carried a \$1 million per occurrence/\$3 million annual aggregate limitation.

Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded, as are all benefit plans offered to employees.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in amounts of insurance coverage from fiscal 1999.

The District has elected to provide employee medical/surgical benefits through Medical Mutual, a fully funded program. The District provides dental insurance through Core Source, a fully funded program. The District also provides life insurance through the National Administrative Schools Insurance Fund.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 14 - RISK MANAGEMENT - (Continued)

OSBA WORKER'S COMPENSATION GROUP RATING

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$550,022, \$472,704, and \$407,473, respectively; 53 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$260,634, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. STATE TEACHERS RETIREMENT SYSTEM

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,597,430, \$1,452,106, and \$1,350,193, respectively; 86 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$220,278, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2000, members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 16 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$912,817 during the 2000 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$294,806 during the 2000 fiscal year.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) The District repays short-term note debt from the Debt Service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt Service fund resources used to pay both principal and interest have been reclassified accordingly.

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

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

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Budget Basis	\$(1,511,755)	\$ 46,863	\$268,795	\$ 9,160,773
Net Adjustment for Revenue Accruals	398,979	24,298	246,485	18,112
Net Adjustment for Expenditure Accruals	29,631	(36,448)		(19,421)
Net Adjustment for Other Financing Sources/(Uses)	(38,264)			(13,750,000)
Adjustment for Encumbrances	<u>564,697</u>	<u>12,950</u>	<u> </u>	<u>4,697,615</u>
GAAP Basis	<u>\$ (556,712)</u>	<u>\$ 47,663</u>	<u>\$515,280</u>	<u>\$ 107,079</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 18 - CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

B. Litigation

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

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$6,011,198 of school foundation support for its General fund.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 18 - CONTINGENT LIABILITIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 19 - SUBSEQUENT EVENTS

On December 7, 2000, the District issued bond anticipation notes in the amount of \$5,750,000 with an interest rate of 4.77% and a maturity date of December 6, 2001. These notes are related to School Facilities Construction. In addition, in anticipation of construction on November 16, 2000, the District purchased several pieces of land in varying amounts, totally in the aggregate approximately \$1,000,000.

SUPPLEMENTAL DATA

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Grant Cluster:						
(A) (B) Food Distribution	10.550	N/A		\$33,053		\$33,785
(A) (C) National School Lunch Program	10.555	N/A	\$60,951		\$60,951	
Total Nutrition Grant Cluster and U.S. Department of Agriculture			<u>60,951</u>	<u>33,053</u>	<u>60,951</u>	<u>33,785</u>
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	048207-C1-S1-99	0		14,368	
Title I - Grants to Local Educational Agencies	84.010	048207-C1-S1-00	115,907		69,178	
Total Title I			<u>115,907</u>		<u>83,546</u>	
Title VI-B - Education of the Handicapped	84.027	048207-6B-SF-99	0		11,473	
Title VI-B - Education of the Handicapped	84.027	048207-6B-SF-00	124,185		101,501	
Total Title VI - B			<u>124,185</u>		<u>112,974</u>	
Drug-Free Schools Grant	84.186	048207-DR-S1-99	30,040		30,040	
Drug-Free Schools Grant	84.186	048207-DR-S1-00	14,584		11,122	
Total Drug-Free Schools Grant			<u>44,624</u>		<u>41,162</u>	
Eisenhower Professional Development Grant	84.281	048207-MS-S1-99	0		2,274	
Eisenhower Professional Development Grant	84.281	048207-MS-S1-00	10,981		9,759	
Total Eisenhower Professional Development Grant			<u>10,981</u>		<u>12,033</u>	
Title VI	84.298	048207-C2-S1-99	2,302		1,393	
Title VI	84.298	048207-C2-S1-00	10,614		4,292	
Total Title VI			<u>12,916</u>		<u>5,685</u>	
Title VI-R	84.340	049437-CR-S1-00	22,770		19,574	
Total U. S. Department of Education			<u>331,383</u>		<u>274,974</u>	
PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
Community Alternative Funding System Program	93.778	N/A	159,411		159,411	
Total U. S. Department of Health and Human Services			<u>159,411</u>		<u>159,411</u>	
Total Federal Financial Assistance			<u>\$551,745</u>	<u>\$33,053</u>	<u>\$495,336</u>	<u>\$33,785</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (C) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (D) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Education
Anthony Wayne Local School District
11012 Shepler, P.O. Box 2487
Whitehouse, Ohio 43571

We have audited the general purpose financial statements of Anthony Wayne Local School District as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated December 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Anthony Wayne Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-48207-001 and 2000-48207-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of Anthony Wayne Local School District in a separate letter dated December 11, 2000.

Board of Education
Anthony Wayne Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anthony Wayne Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Anthony Wayne Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2000-48207-001 and 2000-48207-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses. We also noted another matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of Anthony Wayne Local School District in a separate letter dated December 11, 2000.

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

Trimble, Julian & Grube, Inc.
December 11, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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

Board of Education
Anthony Wayne Local School District
11012 Shepler, P.O. Box 2487
Whitehouse, Ohio 43571

Compliance

We have audited the compliance of Anthony Wayne Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2000. Anthony Wayne Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Anthony Wayne Local School District's management. Our responsibility is to express an opinion on Anthony Wayne Local School District's compliance based on our audit.

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

Board of Education
Anthony Wayne Local School District

In our opinion, Anthony Wayne Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2000.

Internal Control Over Compliance

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

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

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

Trimble, Julian & Grube, Inc.
December 11, 2000

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Community Alternative Funding System Program, CFDA# 93.778
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY
JUNE 30, 2000

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

Finding Number	2000-48207-001
----------------	----------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues plus available balances.

It was noted during the audit that the total appropriations exceeded the total estimated revenues plus available balances for several funds.

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Special Revenue	Auxiliary Services	\$ 94
Special Revenue	EMIS	147
Special Revenue	EPA Land Grant	3,480
Special Revenue	Driver Education	723
Special Revenue	Title I	31,467
Special Revenue	Title VI	12,269
Special Revenue	Drug Free Schools	1,444
Capital Projects	Power Up	77,566
Internal Service	Computer Network	12,425

With appropriations exceeding estimated resources, the District is spending monies that are not lawfully appropriated for those purposes and can cause a fund deficit.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated revenue records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY
JUNE 30, 2000

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)

Finding Number	2000-48207-002
----------------	----------------

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures exceeding appropriations in the following:

<u>Fund Type</u> <u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Teacher Development	\$ 15,400	\$18,788	\$ 3,388
Ohio Reads	0	13,524	13,524
<u>Capital Projects Funds:</u>			
Bond Issue 2000	104,500	4,205,486	4,100,986
SchoolNet	56,745	294,405	237,660

With expenditures exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY
JUNE 30, 2000**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
1999-48207-001	Ohio Revised Code Section 5705.39	No	The District Treasurer is attempting to monitor on a monthly basis appropriations and estimated resources and certify to the County Auditor any amendments.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

ANTHONY WAYNE LOCAL SCHOOL DISTRICT

LUCAS 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
JANUARY 23, 2001**