

WADSWORTH CITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Education
Wadsworth City School District
360 College Street
Wadsworth, Ohio 44281

We have reviewed the independent auditor's report of the Wadsworth City School District, Medina County, prepared by Gary B. Fink & Associates, Inc., Certified Public Accountants, for the audit period July 1, 1999 through 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 Wadsworth City School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

February 28, 2001

**WADSWORTH CITY SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Wadsworth City School District
360 College Street
Wadsworth, Ohio 44281

We have audited the accompanying general purpose financial statements of the Wadsworth City School 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Wadsworth City School District, as of June 30, 2000 and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2001 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

January 17, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

**Wadsworth City School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets:</u>				
Equity Pooled in Cash and Investments	\$3,160,283	\$505,934	\$2,791,234	\$12,066,484
Receivables:				
Taxes	13,983,147	0	1,796,420	671,585
Accounts	18,145	461	0	0
Intergovernmental	3,150	0	0	0
Accrued Interest	39,700	0	0	0
Interfund	0	0	85,505	0
Prepaid Items	13,770	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Investments	411,523	0	11,149	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$17,629,718	\$506,395	\$4,684,308	\$12,738,069
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities:</u>				
Accounts Payable	\$197,620	\$51,735	\$0	\$1,145,459
Accrued Wages	1,528,573	20,618	0	0
Compensated Absences Payable	158,545	0	0	0
Interfund Payable	0	37,680	0	0
Intergovernmental Payable	456,864	5,281	0	0
Deferred Revenue	13,480,852	0	1,717,006	652,723
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Due to Students	0	0	0	0
Accrued Interest Payable	0	0	11,149	0
Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	15,822,454	115,314	1,728,155	1,798,182
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	311,855	96,955	0	8,302,352
Reserved for Prepaid Items	13,770	0	0	0
Reserved for Debt Service Principal	0	0	2,876,739	0
Reserved for Property Taxes	502,295	0	79,414	18,862
Reserved for Budget Stabilization	411,523	0	0	0
Unreserved:				
Undesignated	567,821	294,126	0	2,618,673
Total Fund Equity and Other Credits	1,807,264	391,081	2,956,153	10,939,887
Total Liabilities, Fund Equity and Other Credits	\$17,629,718	\$506,395	\$4,684,308	\$12,738,069

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$113,906	\$419,105	\$71,219	\$0	\$0	\$19,128,165
0	0	0	0	0	16,451,152
1,621	8,150	68,949	0	0	97,326
0	0	0	0	0	3,150
0	0	0	0	0	39,700
0	0	0	0	0	85,505
0	0	0	0	0	13,770
0	0	0	0	0	422,672
13,215	0	0	0	0	13,215
1,861	0	0	0	0	1,861
132,060	0	0	49,393,439	0	49,525,499
0	0	0	0	2,956,153	2,956,153
0	0	0	0	32,008,546	32,008,546
<u>\$262,663</u>	<u>\$427,255</u>	<u>\$140,168</u>	<u>\$49,393,439</u>	<u>\$34,964,699</u>	<u>\$120,746,714</u>
\$13,497	\$0	\$1,641	\$0	\$0	\$1,409,952
19,881	0	8,590	0	0	1,577,662
56,608	0	3,703	0	3,017,177	3,236,033
35,000	0	12,825	0	0	85,505
71,164	0	2,437	0	292,539	828,285
7,869	0	0	0	0	15,858,450
0	0	65,101	0	0	65,101
0	123,158	0	0	0	123,158
0	0	45,871	0	0	45,871
0	0	0	0	0	11,149
0	0	0	0	2,250,000	2,250,000
0	0	0	0	29,404,983	29,404,983
<u>204,019</u>	<u>123,158</u>	<u>140,168</u>	<u>0</u>	<u>34,964,699</u>	<u>54,896,149</u>
0	0	0	49,393,439	0	49,393,439
58,644	304,097	0	0	0	362,741
0	0	0	0	0	8,711,162
0	0	0	0	0	13,770
0	0	0	0	0	2,876,739
0	0	0	0	0	600,571
0	0	0	0	0	411,523
0	0	0	0	0	3,480,620
<u>58,644</u>	<u>304,097</u>	<u>0</u>	<u>49,393,439</u>	<u>0</u>	<u>65,850,565</u>
<u>\$262,663</u>	<u>\$427,255</u>	<u>\$140,168</u>	<u>\$49,393,439</u>	<u>\$34,964,699</u>	<u>\$120,746,714</u>

**Wadsworth City School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Taxes	\$13,320,975	\$0	\$1,714,121	\$635,751
Intergovernmental	9,778,886	1,327,187	198,844	134,686
Interest	321,785	4,206	47,238	1,044,898
Tuition and Fees	144,021	0	0	0
Rent	68,610	0	0	0
Extracurricular Activities	0	478,811	0	0
Gifts and Donations	0	0	0	40,000
Customer Services	9,906	0	0	0
Miscellaneous	42,117	4,811	0	8,675
Total Revenues	<u>23,686,300</u>	<u>1,815,015</u>	<u>1,960,203</u>	<u>1,864,010</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	11,813,511	86,543	0	90,625
Special	1,231,417	209,200	0	0
Vocational	1,022,515	182,986	0	0
Other	209,987	0	0	0
Support Services:				
Pupils	1,261,062	231,557	0	0
Instructional Staff	913,091	215,607	0	0
Board of Education	348,646	0	0	0
Administration	1,997,937	237,397	0	0
Fiscal	610,651	0	30,731	11,985
Business	774	0	0	0
Operation and Maintenance of Plant	2,715,327	0	0	1,020,325
Pupil Transportation	1,055,322	0	0	0
Central	582,533	62,828	0	0
Operation of Non-Instructional Services	0	156,266	0	0
Extracurricular Activities	435,392	304,509	0	0
Capital Outlay	35,370	0	0	17,696,294
Debt Service:				
Principal	0	0	12,465,000	0
Interest	0	0	1,573,416	6,907
Intergovernmental	0	5,042	0	0
Total Expenditures	<u>24,233,535</u>	<u>1,691,935</u>	<u>14,069,147</u>	<u>18,826,136</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(547,235)</u>	<u>123,080</u>	<u>(12,108,944)</u>	<u>(16,962,126)</u>
<u>Other Financing Sources:</u>				
Proceeds from Sale of Fixed Assets	6,315	0	0	0
Proceeds from Sale of Bonds	0	0	2,310,785	6,907
Proceeds from Sale of Long-Term Notes	0	0	0	2,250,000
Total Other Financing Sources	<u>6,315</u>	<u>0</u>	<u>2,310,785</u>	<u>2,256,907</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(540,920)</u>	<u>123,080</u>	<u>(9,798,159)</u>	<u>(14,705,219)</u>
Fund Balances at Beginning of Year	2,350,184	268,001	12,754,312	25,645,106
Residual Equity Transfers - Out	<u>(2,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year	<u>\$1,807,264</u>	<u>\$391,081</u>	<u>\$2,956,153</u>	<u>\$10,939,887</u>

See accompanying notes to the general purpose financial statements

Totals
(Memorandum
Only)

\$15,670,847
11,439,603
1,418,127
144,021
68,610
478,811
40,000
9,906
55,603

29,325,528

11,990,679
1,440,617
1,205,501
209,987

1,492,619
1,128,698
348,646
2,235,334
653,367
774
3,735,652
1,055,322
645,361
156,266
739,901
17,731,664

12,465,000
1,580,323
5,042

58,820,753

(29,495,225)

6,315
2,317,692
2,250,000

4,574,007

(24,921,218)

41,017,603

(2,000)

\$16,094,385

**Wadsworth City School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Intergovernmental	\$9,776,686	\$9,776,686	\$0
Interest	313,644	313,644	0
Tuition and Fees	147,115	147,115	0
Rent	68,610	68,610	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Services	9,906	9,906	0
Property and Other Local Taxes	13,472,787	13,472,787	0
Miscellaneous	14,514	14,514	0
Total Revenues	23,803,262	23,803,262	0
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	11,962,525	11,962,525	0
Special	1,250,776	1,250,776	0
Vocational	986,276	986,276	0
Other	205,148	205,148	0
Support services:			
Pupils	1,304,140	1,304,140	0
Instructional Staff	945,208	945,208	0
Board of Education	367,913	367,913	0
Administration	1,929,835	1,929,835	0
Fiscal	578,062	578,062	0
Business	774	774	0
Operation and Maintenance of Plant	2,870,649	2,870,649	0
Pupil Transportation	1,060,107	1,060,107	0
Central	582,533	582,533	0
Non-Instructional Services	0	0	0
Extracurricular Activities	452,400	452,400	0
Capital Outlay	35,370	35,370	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Intergovernmental	0	0	0
Total Expenditures	24,531,716	24,531,716	0
(Deficiency) of Revenues (Under) Expenditures	(728,454)	(728,454)	0
<u>Other Financing Sources and (Uses)</u>			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0
Proceeds from Sale of Fixed Assets	6,315	6,315	0
Refund of Prior Year Expenditures	122,568	122,568	0
Advances In	0	0	0
Other Financing Sources	5,065	5,065	0
Operating Transfers Out	(2,000)	(2,000)	0
Refund of Prior Year Receipts	(236)	(236)	0
Advances Out	0	0	0
Total Other Financing Sources (Uses)	131,712	131,712	0
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(596,742)	(596,742)	0
Fund Balances at Beginning of Year	3,093,187	3,093,187	0
Prior Year Encumbrances Appropriated	591,443	591,443	0
Fund Balances at End of Year	\$3,087,888	\$3,087,888	\$0

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$1,256,717	\$1,256,717	\$0	\$198,844	\$198,844	\$0
4,003	4,003	0	47,238	47,238	0
0	0	0	0	0	0
0	0	0	0	0	0
481,517	481,517	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,733,907	1,733,907	0
4,811	4,811	0	0	0	0
<u>1,747,048</u>	<u>1,747,048</u>	<u>0</u>	<u>1,979,989</u>	<u>1,979,989</u>	<u>0</u>
98,601	98,601	0	0	0	0
224,937	224,937	0	0	0	0
201,301	201,301	0	0	0	0
0	0	0	0	0	0
231,279	231,279	0	0	0	0
234,575	234,575	0	0	0	0
0	0	0	0	0	0
244,546	244,546	0	0	0	0
0	0	0	30,730	30,730	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
63,627	63,627	0	0	0	0
159,342	159,342	0	0	0	0
346,927	346,927	0	0	0	0
0	0	0	0	0	0
0	0	0	12,465,000	12,465,000	0
0	0	0	1,556,011	1,556,011	0
5,042	5,042	0	0	0	0
<u>1,810,177</u>	<u>1,810,177</u>	<u>0</u>	<u>14,051,741</u>	<u>14,051,741</u>	<u>0</u>
<u>(63,129)</u>	<u>(63,129)</u>	<u>0</u>	<u>(12,071,752)</u>	<u>(12,071,752)</u>	<u>0</u>
0	0	0	2,250,000	2,250,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
37,681	37,681	0	235,391	235,391	0
82,371	82,371	0	11,149	11,149	0
0	0	0	0	0	0
(7,199)	(7,199)	0	0	0	0
<u>(78,766)</u>	<u>(78,766)</u>	<u>0</u>	<u>(104,298)</u>	<u>(104,298)</u>	<u>0</u>
<u>34,087</u>	<u>34,087</u>	<u>0</u>	<u>2,392,242</u>	<u>2,392,242</u>	<u>0</u>
(29,042)	(29,042)	0	(9,679,510)	(9,679,510)	0
268,670	268,670	0	12,481,892	12,481,892	0
131,553	131,553	0	0	0	0
<u>\$371,181</u>	<u>\$371,181</u>	<u>\$0</u>	<u>\$2,802,382</u>	<u>\$2,802,382</u>	<u>\$0</u>

(continued)

**Wadsworth City School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis) (Continued)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000**

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$134,685	\$134,685	\$0
Interest	1,349,669	1,349,669	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	40,000	40,000	0
Customer Services	0	0	0
Property and Other Local Taxes	640,749	640,749	0
Miscellaneous	8,675	8,675	0
Total Revenues	2,173,778	2,173,778	0
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	184,585	184,585	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support services:			
Pupils	527,325	527,325	0
Instructional Staff	25,582	25,582	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	11,985	11,985	0
Business	0	0	0
Operation and Maintenance of Plant	1,365,082	1,365,082	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	25,693,435	25,693,435	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Intergovernmental	0	0	0
Total Expenditures	27,807,994	27,807,994	0
(Deficiency) of Revenues (Under) Expenditures	(25,634,216)	(25,634,216)	0
<u>Other Financing Sources and (Uses)</u>			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Long-Term Notes	2,250,000	2,250,000	0
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Advances In	0	0	0
Other Financing Sources	0	0	0
Operating Transfers Out	0	0	0
Refund of Prior Year Receipts	0	0	0
Advances Out	(130,858)	(130,858)	0
Total Other Financing Sources (Uses)	2,119,142	2,119,142	0
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(23,515,074)	(23,515,074)	0
Fund Balances at Beginning of Year	2,877,001	2,877,001	0
Prior Year Encumbrances Appropriated	23,266,506	23,266,506	0
Fund Balances at End of Year	\$2,628,433	\$2,628,433	\$0

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$11,366,932	\$11,366,932	\$0
1,714,554	1,714,554	0
147,115	147,115	0
68,610	68,610	0
481,517	481,517	0
40,000	40,000	0
9,906	9,906	0
15,847,443	15,847,443	0
28,000	28,000	0
<u>29,704,077</u>	<u>29,704,077</u>	<u>0</u>
12,245,711	12,245,711	0
1,475,713	1,475,713	0
1,187,577	1,187,577	0
205,148	205,148	0
2,062,744	2,062,744	0
1,205,365	1,205,365	0
367,913	367,913	0
2,174,381	2,174,381	0
620,777	620,777	0
774	774	0
4,235,731	4,235,731	0
1,060,107	1,060,107	0
646,160	646,160	0
159,342	159,342	0
799,327	799,327	0
25,728,805	25,728,805	0
12,465,000	12,465,000	0
1,556,011	1,556,011	0
5,042	5,042	0
<u>68,201,628</u>	<u>68,201,628</u>	<u>0</u>
<u>(38,497,551)</u>	<u>(38,497,551)</u>	<u>0</u>
2,250,000	2,250,000	0
2,250,000	2,250,000	0
6,315	6,315	0
122,568	122,568	0
273,072	273,072	0
98,585	98,585	0
(2,000)	(2,000)	0
(7,435)	(7,435)	0
(313,922)	(313,922)	0
<u>4,677,183</u>	<u>4,677,183</u>	<u>0</u>
(33,820,368)	(33,820,368)	0
18,720,750	18,720,750	0
<u>23,989,502</u>	<u>23,989,502</u>	<u>0</u>
<u>\$8,889,884</u>	<u>\$8,889,884</u>	<u>\$0</u>

**Wadsworth City School District
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<u>Operating Revenues:</u>			
Tuition	\$12,145	\$0	\$12,145
Sales	813,507	0	813,507
Charges for Services	163,151	1,792,587	1,955,738
Other Operating Revenues	1,621	10,155	11,776
Total Operating Revenues	990,424	1,802,742	2,793,166
<u>Operating Expenses:</u>			
Salaries	392,968	0	392,968
Fringe Benefits	68,454	53,329	121,783
Purchased Services	19,652	288,997	308,649
Materials and Supplies	304,373	0	304,373
Cost of Sales	404,919	0	404,919
Depreciation	15,753	0	15,753
Claims	0	1,435,556	1,435,556
Total Operating Expenses	1,206,119	1,777,882	2,984,001
Operating Income (Loss)	(215,695)	24,860	(190,835)
<u>Non-Operating Revenues (Expenses):</u>			
Federal Donated Commodities	43,237	0	43,237
Interest	554	50,996	51,550
Federal and State Subsidies	171,638	0	171,638
Loss on Sale of Fixed Assets	(602)	0	(602)
Total Non-Operating Revenues (Expenses)	214,827	50,996	265,823
Net Income (Loss)	(868)	75,856	74,988
Retained Earnings at Beginning of Year	59,512	228,241	287,753
Retained Earnings at End of Year	\$58,644	\$304,097	\$362,741

See accompanying notes to the general purpose financial statements

**Wadsworth City School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$980,684	\$1,792,587	\$2,773,271
Cash Received from Tuition Payments	12,146	0	12,146
Cash Payments to Suppliers for Goods and Services	(688,472)	(233,362)	(921,834)
Cash Payments to Employees for Services	(370,186)	0	(370,186)
Cash Payments for Employee Benefits	(122,996)	0	(122,996)
Cash Payments for Claims	0	(1,536,195)	(1,536,195)
Other Operating Revenues	0	2,005	2,005
Net Cash Provided by (Used for) Operating Activities	<u>(188,824)</u>	<u>25,035</u>	<u>(163,789)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Short-Term Loans from Other Funds	35,000	0	35,000
Operating Grants Received	<u>171,638</u>	<u>0</u>	<u>171,638</u>
Net Cash Provided by Noncapital Financing Activities	<u>206,638</u>	<u>0</u>	<u>206,638</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	<u>(13,037)</u>	<u>0</u>	<u>(13,037)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(13,037)</u>	<u>0</u>	<u>(13,037)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	<u>554</u>	<u>50,996</u>	<u>51,550</u>
Net Cash Provided by Investing Activities	<u>554</u>	<u>50,996</u>	<u>51,550</u>
Net Increase in Cash and Cash Equivalents	5,331	76,031	81,362
Cash and Cash Equivalents at Beginning of Year	<u>108,575</u>	<u>343,074</u>	<u>451,649</u>
Cash and Cash Equivalents at End of Year	<u>\$113,906</u>	<u>\$419,105</u>	<u>\$533,011</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	<u>(\$215,695)</u>	<u>\$24,860</u>	<u>(\$190,835)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	15,753	0	15,753
Donated Commodities Used During Year	43,237	0	43,237
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	2,405	(5,980)	(3,575)
(Increase)/Decrease in Inventory Held for Resale	701	0	701
(Increase)/Decrease in Materials and Supplies Inventory	(678)	0	(678)
Increase/(Decrease) in Accounts Payable	(2,787)	(7,081)	(9,868)
Increase/(Decrease) in Accrued Wages	3,799	0	3,799
Increase/(Decrease) in Compensated Absences Payable	2,901	0	2,901
Increase/(Decrease) in Intergovernmental Payable	(38,460)	0	(38,460)
Increase/(Decrease) in Claims Payable	0	13,236	13,236
Total Adjustments	<u>26,871</u>	<u>175</u>	<u>27,046</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$188,824)</u>	<u>\$25,035</u>	<u>(\$163,789)</u>

See accompanying notes to the general purpose financial statements

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

NOTE 1 - DESCRIPTION OF THE ENTITY

The Wadsworth City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies. This Board controls the District's seven instructional/support facilities staffed by 196 noncertificated employees, 258 certificated full-time teaching personnel and 15 administrators who provide services to 4,239 students and other community members.

The District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations will be included as part of the reporting entity.

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", under which the general purpose financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District.

On this basis, the combined general purpose financial statements include all of the funds and account groups of the District over which the Board of Education exercises operating control. Management has determined the District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION - FUND ACCOUNTING

The District uses funds and account groups to report its financial position and results of operation. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For general purpose financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the District:

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 current liabilities, except those accounted for in proprietary and fiduciary funds, are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the District's governmental fund types:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure 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 expended for the acquisition or construction of major capital facilities (other than those financed by proprietary 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. The District applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) in accounting and reporting issued on or before November 30, 1989 for its proprietary operations. The following are the District's proprietary fund types:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Funds

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

Internal Service Fund

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. The following is the District's fiduciary fund type:

Agency Funds

These funds are purely custodial in nature and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

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

General Fixed Assets Account Group

This account group 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 account group is established to account for all long-term obligations of the District except those accounted for in the proprietary funds.

WADSWORTH CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Combined Balance Sheet. The proprietary fund type operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types and agency funds. Under this basis of accounting, the District recognizes revenues in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the District considers to be sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance at June 30, 2000, investment earnings, tuition, grants and entitlements, and student fees.

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. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue. In the proprietary fund types, unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on general long-term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave which 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 the governmental funds.

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities non-operating revenue.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds other than agency funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates. No later than January 20, the Board-adopted budget is filed with the Medina County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County 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 fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the Appropriation Resolution. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding fiscal year. The Certificate may be further amended during the fiscal 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 2000.

Appropriations

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education which becomes the legal level of budgetary control. Prior to the passage of the annual Appropriation Resolution, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. 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 at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the fiscal year by supplemental appropriations which either reallocate or increase the original appropriated amounts. During the fiscal year, supplemental appropriation measures were legally enacted, however, none of these amendments were significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the general purpose financial statements for proprietary funds.

Lapsing of Appropriations

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

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 District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the Combined Balance Sheet.

During fiscal year 2000, investments were limited to STAR Ohio, overnight repurchase agreements, U.S. treasury notes, federal agency securities, commercial paper and bankers' acceptances.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. 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.

WADSWORTH CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue has been credited to the general fund, auxiliary services fund (special revenue), bond fund (debt service), permanent improvement fund (capital projects), construction fund (capital projects), food service fund (enterprise) and the employee benefits self-insurance fund (internal service). Interest credited to these funds during fiscal year 2000 amounted to \$1,469,677 which includes \$342,077 assigned from other District funds.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and investments 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. A fund balances reserve has also been established.

Restricted assets in the debt service fund represent cash and investments set aside to pay accrued interest received from the \$2,250,000 in bonds issued.

INVENTORY

Inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items are recorded as an expense in the proprietary fund types when used. Inventories of proprietary funds consist of donated food, purchased food and non-food supplies, and they are expensed when used.

FIXED ASSETS AND DEPRECIATION

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In proprietary funds, improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of five to twenty years.

PREPAIDS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Using the consumption method, a current asset for the prepaid item is recorded at the time of the purchase and an expenditure is reported in the fiscal year in which the services are consumed. At fiscal year end, because prepaid items are not available to finance future governmental fund expenditures, the fund balances are reserved by an amount equal to the carrying amount of the asset.

INTERGOVERNMENTAL REVENUES

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursable grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenues when measurable and earned. The District currently participates in various State and Federal programs, as follows:

Grants and Entitlements

Entitlements

General Fund

State School Foundation Program	State Property Tax Relief
State School Bus Purchase Reimbursement	

Special Revenue Funds

Educational Management and Information System	Career Development
Non-Public School Pupils (Auxiliary Services)	

Debt Service Fund

State Property Tax Relief

Capital Projects Funds

State Property Tax Relief	SchoolNet
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**WADSWORTH CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B

Title VI

Safe and Drug-Free Schools

Eisenhower Professional Development Grant

Local Professional Development Block Grant

Tech Prep Education Grant

Early Childhood Grant

SchoolNet Professional Development Grant

Conflict Management Grant

Title I

Vocational Education (Carl Perkins)

FCC E-Rate Grant

Special Education-Preschool Grant

Lead School Grant

LSTA Library Automation Grant

Title VI-R (Class Size Reduction)

Ohio Reads Grant

Reimbursable Grants

General Fund

Driver Education

Enterprise Funds

State School Lunch and Breakfast Program

National School Breakfast and Lunch Program

Government Donated Commodities

SHORT-TERM INTERFUND ASSETS/LIABILITIES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Interfund Receivable/Payable".

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences". Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the termination method when the following criterion is met. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the District's past experience of making termination payments for sick leave.

For governmental funds, that portion of the liability which is non-current is reported in the general long-term obligations account group. Liabilities that use current expendable resources are recorded in the fund from which the employees are paid. In proprietary funds, compensated absences are expensed when earned and the entire amount is reported as a fund liability.

ACCRUED LIABILITIES AND 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. In general, payments made more than sixty days after fiscal year end are considered not to have been made with current available financial resources. Bonds and notes are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

FUND BALANCES RESERVES

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Unreserved fund balances indicate that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, prepaids, debt service principal, property taxes and budget stabilization.

INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

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

TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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 cash flows 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 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Government 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 and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding fiscal year end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types and as a note disclosure in the proprietary fund types (GAAP basis).
4. Advances are reported on the operating statement (budget basis) rather than on the Combined Balance Sheet (GAAP basis).

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

Adjustments necessary to convert the results of operations at the end of the fiscal year on the budget basis to the GAAP basis are as follows:

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)
 Expenditures and Other Financing (Uses)
 All Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$(540,920)	\$ 123,080	\$(9,798,159)	\$(14,705,219)
Net Adjustment for Revenue Accruals	244,595	52,085	205,541	302,862
Net Adjustment for Expenditure Accruals	170,223	(69,638)	(86,892)	237,673
Encumbrances	<u>(470,640)</u>	<u>(134,569)</u>	<u>0</u>	<u>(9,350,390)</u>
Budget Basis	<u>\$(596,742)</u>	<u>\$(29,042)</u>	<u>\$(9,679,510)</u>	<u>\$(23,515,074)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. State statutes require the classification of monies held by the District into three categories.

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

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

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 may be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
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 monies available for investment at any one time.

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

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.

Cash on Hand

At fiscal year end, the District had \$1,891 in undeposited cash on hand which is included on the Combined Balance Sheet of the District as part of "Equity in Pooled Cash and Investments".

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

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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 fiscal year end, the carrying amount of the District's deposits was \$148,396 and the bank balance was \$1,858,786. Of the bank balance:

1. \$305,670 was covered by federal depository insurance.
2. \$1,553,116 was held in collateral pools with no specifications for whom such funds are held which is considered to be uninsured and uncollateralized as defined by GASB Statement No. 3. Although all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal 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. Investments in STAR Ohio are not categorized since they are not evidenced by securities that exist in physical or book entry form.

	Carrying Amount			
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Overnight Repurchase Agreements	\$ 0	\$0	\$109,670	\$ 109,670
U.S. Treasury Notes	741,656	0	0	746,156
FNMA Discount Notes	1,940,176	0	0	1,984,575
FHLMC Discount Notes	587,684	0	0	592,879
Commercial Paper	3,591,406	0	0	3,626,159
FNMA Medium Term Notes	4,181,750	0	0	4,185,048
FHLB Bonds	2,423,073	0	0	2,419,184
FHLB Discount Notes	1,945,577	0	0	1,955,954
Bankers' Acceptances	448,956	0	0	451,368
	<u>\$15,860,278</u>	<u>\$0</u>	<u>\$109,670</u>	16,070,993
STAR Ohio				3,329,557
Total Investments				<u>\$19,400,550</u>

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

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The classification of cash, cash equivalents and investments on the combined general purpose financial statements is based on criteria set forth in GASB Statement No. 9 “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, cash equivalents and investments on the combined general purpose statements and the classifications of deposits and investments per GASB Statement No. 3 is as follows:

	Cash, Cash Equivalents and <u>Investments/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$19,550,837	\$ 0
Investments of the Cash Management Pool:		
Overnight Repurchase Agreements	(109,670)	109,670
FNMA Discount Notes	(1,984,575)	1,984,575
FHLMC Discount Notes	(592,879)	592,879
FHLB Discount Notes	(1,955,954)	1,955,954
FNMA Medium Term Notes	(4,185,048)	4,185,048
FHLB Bonds	(2,419,184)	2,419,184
Commercial Paper	(3,626,159)	3,626,159
Bankers’ Acceptances	(451,368)	451,368
U.S. Treasury Notes	(746,156)	746,156
STAR Ohio	(3,329,557)	3,329,557
Cash on Hand	<u>(1,891)</u>	<u>0</u>
GASB Statement No. 3	<u>\$ 148,396</u>	<u>\$19,400,550</u>

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property used in business located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1, and are collected with real property taxes. Assessed values for real property are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100% of true value (with certain exceptions) and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the previous year. Tangible personal property assessments are 25% of true value.

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

NOTE 5 - PROPERTY TAXES (continued)

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

	1999 Second Half		2000 First Half	
	Valuations		Valuations	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property				
Commercial/Industrial	\$ 54,252,380	12.44%	\$ 56,839,460	12.62%
Residential/Agricultural	305,980,250	70.10	316,082,070	70.16
Public Utilities	11,520	0.01	10,640	0.01
Minerals	98,100	0.01	110,940	0.01
Tangible Personal Property				
Public Utilities	42,129,194	9.65	31,348,320	6.96
General	<u>33,989,700</u>	<u>7.79</u>	<u>46,156,622</u>	<u>10.24</u>
Total	<u>\$436,461,144</u>	<u>100.00%</u>	<u>\$450,548,052</u>	<u>100.00%</u>

Tax rate per \$1,000 of Assessed Valuation	\$65.50	\$65.75
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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. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Medina County Treasurer collects property tax on behalf of all taxing districts within the County. The Medina County Auditor periodically advances to the District their portion of the taxes collected. The amount available to the District as an advance at June 30, 2000, is available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents 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, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current fiscal year operations. The amount available as an advance at June 30, which was reflected in 2000 as revenue, was \$600,572. This amount was also reflected as a reservation of fund balances for future appropriations.

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

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, accrued interest, interfund, and intergovernmental entitlements and grants. 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 fiscal year guarantee of Federal funds.

NOTE 7 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$479,546
Less: Accumulated Depreciation	<u>(347,486)</u>
Net Fixed Assets	<u>\$132,060</u>

A summary of the changes in general fixed assets follows:

	<u>Balance</u> 07/01/99	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 06/30/00
Land, Buildings and Improvements	\$18,383,456	\$ 1,049,440	\$(599,363)	\$18,833,533
Furniture and Equipment	6,193,063	621,598	(118,998)	6,695,663
Vehicles	1,670,861	217,139	(43,153)	1,844,847
Textbooks	1,246,238	0	0	1,246,238
Construction in Progress	<u>3,845,862</u>	<u>16,927,296</u>	<u>0</u>	<u>20,773,158</u>
Total	<u>\$31,339,480</u>	<u>\$18,815,473</u>	<u>\$(761,514)</u>	<u>\$49,393,439</u>

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

The account balances by fund of "Interfund Receivable" and "Interfund Payable" as of June 30, 2000 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Special Revenue		
Career Development	\$ 0	\$ 7,382
Vocational Education	<u>0</u>	<u>30,298</u>
Total Special Revenue	<u>0</u>	<u>37,680</u>
Debt Service		
Bond Fund	<u>85,505</u>	<u>0</u>
Enterprise		
Vocational Education Customer Service	<u>0</u>	<u>35,000</u>
Agency		
Four Cities Vocational Compact	0	10,000
Student Managed Activities	<u>0</u>	<u>2,825</u>
Total Agency	<u>0</u>	<u>12,825</u>
Total All Funds	<u>\$85,505</u>	<u>\$85,505</u>

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

NOTE 9 - RISK MANAGEMENT

A. Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and, natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$5,000 per incident. The District's vehicle liability insurance policy limit is \$1,000,000 with a \$250 collision deductible. All administrators and employees are covered under a District liability policy. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

B. Fidelity Bonds

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$20,000 crime coverage bond.

C. Workers' Compensation

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Boards Association Group Rating Program, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

D. Employee Health Insurance

The District has established a health care self-insurance fund. The purpose of this fund is to pay medical, dental and vision claims of the District's employees and their covered dependents in order to minimize the total cost of annual health care insurance. The District has contracted with a third party administrator to direct this program. Self-insurance is in effect for aggregate claims up to \$1,813,524 per fiscal year. Claims in excess of this aggregate stop loss are insured by private carriers.

The claims liability of \$123,158 reported in the fund at June 30, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The costs are to be based on the estimated ultimate cost of settling the claims using past experience adjusted for current trends and any other factors that would modify past experience. The claims liability is based on an estimate supplied by the District's third party administrator. A summary of the fund's claims liability in fiscal years 1999 and 2000 were as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Fiscal Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
1999	\$109,323	\$1,309,781	\$(1,309,182)	\$109,922
2000	109,922	1,437,468	(1,424,232)	123,158

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

NOTE 10 - LONG-TERM DEBT OBLIGATIONS

Changes in long-term obligations of the District from July 1, 1999 through June 30, 2000, were as follows:

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

<u>Issue</u>	<u>Balance 07/01/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/00</u>
Bond Anticipation Notes	\$12,000,000	\$2,250,000	\$(12,000,000)	\$ 2,250,000
General Obligations Bonds:				
School Buses Purchase Bonds				
5.00%, 06/98 – 04/02	95,000	0	(30,000)	65,000
School Improvement Bonds – 1998				
3.75% - 5.125%, 04/98 – 12/22	14,524,986	0	(200,000)	14,324,986
School Improvement Bonds - 1999				
3.30% - 5.00%, 04/99 – 12/22	12,999,997	0	(235,000)	12,764,997
School Improvement Bonds - 2000				
4.25% - 5.75%, 04/00 – 12/22	0	2,250,000	(0)	2,250,000
Compensated Absences Payable	2,723,710	293,467	(0)	3,017,177
Intergovernmental Payable	<u>259,500</u>	<u>292,539</u>	<u>(259,500)</u>	<u>292,539</u>
Total General Long-Term Obligations	<u>\$42,603,193</u>	<u>\$5,086,006</u>	<u>\$(12,724,500)</u>	<u>\$34,964,699</u>

General obligation bonds and bond anticipation notes will be paid from the debt service fund. Intergovernmental payables and compensated absences will be paid from the fund from which the employee is paid.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>School Buses Purchase Bonds</u>	<u>School Improvement Bonds – 1998</u>	<u>School Improvement Bonds – 1999</u>	<u>School Improvement Bonds – 2000</u>	<u>Total</u>
2001	\$35,250	\$ 989,374	\$ 791,600	\$ 180,553	\$ 1,996,777
2002	34,650	1,064,826	807,925	183,520	2,090,921
2003	0	1,096,964	823,075	180,300	2,100,339
2004	0	1,097,282	837,000	181,855	2,116,137
2005	0	1,096,499	854,550	183,095	2,134,144
Thereafter	<u>0</u>	<u>19,624,589</u>	<u>18,440,755</u>	<u>3,234,480</u>	<u>41,299,824</u>
Total	69,900	24,969,534	22,554,905	4,143,803	51,738,142
Less Interest	<u>4,900</u>	<u>10,644,548</u>	<u>9,789,908</u>	<u>1,893,803</u>	<u>22,333,159</u>
Principal	<u>\$65,000</u>	<u>\$14,324,986</u>	<u>\$12,764,997</u>	<u>\$2,250,000</u>	<u>\$29,404,983</u>

All bonds are backed by the full faith and credit of the District.

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

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (continued)

A summary of the changes in the District's bond anticipation notes payable for the year ended June 30, 2000 is as follows:

	<u>Balance 07/01/99</u>	<u>Issues</u>	<u>Principal Retirements</u>	<u>Balance 06/30/00</u>
3.47% Bond Anticipation Note Matured 08/10/99	\$12,000,000	\$ 0	\$(12,000,000)	\$ 0
4.76% Bond Anticipation Note Matures 07/25/00	<u>0</u>	<u>2,250,000</u>	<u>0</u>	<u>2,250,000</u>
Total Notes Payable	<u>\$12,000,000</u>	<u>\$2,250,000</u>	<u>\$(12,000,000)</u>	<u>\$2,250,000</u>

The net proceeds of the bond anticipation notes were used to provide funding for capital improvements and have been reported in the capital projects funds. They will be repaid by the general obligation bonds issued by the District in April, 2000.

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four enterprise funds: food service, uniform school supplies, vocational education customer service and adult/community education which are operated on a sales basis. The table below reflects the more significant financial data relating to the enterprise funds of the District for the fiscal year ended June 30, 2000:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Vocational Education Customer Service</u>	<u>Adult/ Community Education</u>	<u>Total</u>
Operating revenues	\$797,018	\$ 18,110	\$ 163,151	\$ 12,145	\$ 990,424
Operating expenses before Depreciation	923,046	18,904	238,126	10,290	1,190,366
Depreciation expense	15,753	0	0	0	(15,753)
Operating income/(loss)	(141,781)	(794)	(74,975)	1,855	(215,695)
Federal donated commodities	43,237	0	0	0	43,237
Interest earnings	554	0	0	0	554
Operating grants	171,638	0	0	0	171,638
Loss on sale of fixed assets	(602)	0	0	0	(602)
Net income/(loss)	73,046	(794)	(74,975)	1,855	(868)
Net working capital	(82,302)	18,896	(23,453)	13,443	(73,416)
Total assets	205,264	18,896	25,045	13,458	262,663
Total equity	49,757	18,896	(23,452)	13,443	58,644
Encumbrances at June 30, 2000	8,714	11,477	3,993	250	24,434

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

NOTE 12 - RETIREMENT PLANS

A. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan 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 and may be amended by Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6.0 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 contributions to STRS for pension obligations for the fiscal years ended June 30, 2000, 1999 and 1998 were \$790,507, \$730,268 and \$1,264,464, respectively; 82.9 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$315,096 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

B. 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 retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614)222-5853.

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. The current rate is 14 percent of annual covered payroll. For fiscal year 2000, 7.70 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$253,304, \$272,293 and \$268,344, respectively; 34.7 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$354,031 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and general long-term obligations account group.

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

NOTE 13 - 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 obligation 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 discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the 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. The Retirement Board allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the District, this amount equaled \$1,053,886 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients statewide.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll. 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 1999 (the latest information available), the minimum pay had 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 \$188.0 million. SERS has approximately 51,000 participants statewide currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$288,743 during the 2000 fiscal year.

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

NOTE 14 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days. For certified employees, payment is made at the time of termination for thirty percent of a certified employee's accumulated sick leave up to 200 days, a benefit of up to 60 days. For classified employees, payment is made at the time of termination for forty percent of a classified employee's accumulated sick leave up to 162 and one-half days, a benefit of up to 65 days. The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned.

NOTE 15 - COMPLIANCE AND ACCOUNTABILITY

The following funds had deficit fund balances/retained earnings caused by the recognition of expenditures/expenses and/or nonrecognition of revenues on the modified accrual basis of accounting and the accrual basis of accounting which substantially differ from those recognized on the cash basis of accounting:

	<u>Fund</u>	<u>Deficit</u>
Special Revenue		
Career Development		\$(7,201)
Vocational Education		(33,805)
Title I		(6,095)
Safe and Drug-Free Schools Grant		(2,368)
Enterprise		
Vocational Education Customer Service		(23,452)

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

NOTE 16 - CONSTRUCTION COMMITMENTS

The following construction commitments at June 30, 2000 will be financed with capital project funds revenues:

<u>Project</u>	Total Authorized <u>Cost</u>	Expended To <u>06/30/00</u>	Balance at <u>06/30/00</u>
“New” Franklin Elementary School	\$4,424,125	\$4,123,437	\$ 300,688
“New” Lincoln Elementary School	5,031,614	4,569,583	462,031
Grades 7/8 Building	16,482,027	9,426,830	7,055,197
High School Music/Science Addition	2,454,410	2,319,830	134,580

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

The Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services.

Representation on the Midland Council of Governments consists of one member appointed by each member board of education. The representative shall be either the superintendent, assistant superintendent or treasurer of the member district board of education. The Council of Governments is governed by the Executive Committee who are elected for two year terms except the position of fiscal agent superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two superintendents, two treasurers, two members-at-large and the fiscal agent superintendent.

NOTE 18 - CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

Litigation

The District is not currently a party to any legal proceedings which would have a material impact on the general purpose financial statements.

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

NOTE 19 - 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 Ohio General Assembly 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 \$8,526,601 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio 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 has 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 general purpose 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 20 - REQUIRED BUDGET SET ASIDES

The District is required by State statute to annually set aside an amount based on prior fiscal year revenues for the purpose of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts are also to be set aside for the budget stabilization reserve if the District's base amount use for the fiscal yearly set aside calculation increases by three percent or more from the prior fiscal year. This amount is to be included in the budget stabilization reserve.

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

NOTE 20 - REQUIRED BUDGET SET ASIDES (continued)

The following information describes the changes in the amounts set aside for budget stabilization, textbooks and instructional materials and capital improvements from the end of the prior fiscal year to the end of the current fiscal year.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set Aside Cash Balance as of June 30, 1999	\$ 0	\$ 0	\$174,187	\$ 174,187
Current Fiscal Year Set Aside Requirement	568,886	568,886	237,336	1,375,108
Current Fiscal Year Offsets	0	(684,808)	0	(684,808)
Qualifying Disbursements	<u>(1,111,381)</u>	<u>(802,942)</u>	<u>0</u>	<u>(1,914,323)</u>
Set Aside Cash Balances as of June 30, 2000	<u>\$(542,495)</u>	<u>\$(918,864)</u>	<u>\$411,523</u>	<u>\$(1,049,836)</u>
Cash Balance Carried Forward to Fiscal Year 2001	<u>\$(542,495)</u>	<u>\$ 0</u>	<u>\$411,523</u>	<u>\$(130,972)</u>

Since the qualifying disbursements and offsets for the capital improvements set aside exceeded the fiscal year 2000 requirement, no amount will be carried forward to the next fiscal year. The District may use the negative amount in the textbooks/instructional materials set aside to reduce set aside requirements of future fiscal years.

Amounts remaining at fiscal year end that have been set aside to satisfy statutory requirements are represented by cash and investments and are presented as restricted assets on the Combined Balance Sheet. Corresponding amounts are reported as reserves of fund balances.

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

Board of Education
Wadsworth City School District
360 College Street
Wadsworth, Ohio 44281

We have audited the general purpose financial statements of the Wadsworth City School District, as of and for the year ended June 30, 2000, and have issued our report thereon dated January 17, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

January 17, 2001

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

Board of Education
Wadsworth City School District
360 College Street
Wadsworth, Ohio 44281

Compliance

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

We conducted our audit of compliance in accordance with 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, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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.

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


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

Internal Control Over Compliance

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

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

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



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

January 17, 2001

**Wadsworth City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution	10.550	----	\$44,705	\$43,201
School Breakfast Program	10.553	----	11,604	11,604
National School Lunch Program	10.555	----	<u>151,811</u>	<u>151,811</u>
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>208,120</u>	<u>206,616</u>
<u>U.S. Department of Education</u>				
<i>Passed Through Ohio Department of Education:</i>				
Eisenhower Professional Development State Grants	84.281	044974-MS-S1-2000	16,066	6,814
Eisenhower Professional Development State Grants	84.281	044974-MS-S1-1999	0	7,995
Eisenhower Professional Development State Grants	84.281	044974-MS-S1-1998C	<u>0</u>	<u>4,874</u>
Total Eisenhower			<u>16,066</u>	<u>19,683</u>
Innovative Education Program Strategies (ESEA Title VI)	84.298	044974-C2-S1-2000	22,611	21,321
Innovative Education Program Strategies (ESEA Title VI)	84.298	044974-C2-S1-1999C	2,950	2,720
Innovative Education Program Strategies (ESEA Title VI)	84.298	044974-C2-S1-1999	0	424
Innovative Education Program Strategies (ESEA Title VI)	84.298	044974-C2-S1-1998	<u>0</u>	<u>468</u>
Total Innovative Education Program Strategies			<u>25,561</u>	<u>24,933</u>
Title I Grants to Local Educational Agencies	84.010	044974-C1-S1-2000	305,282	305,281
Title I Grants to Local Educational Agencies	84.010	044974-C1-S1-1999	<u>0</u>	<u>11,923</u>
Total Title I			<u>305,282</u>	<u>317,204</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	044974-DR-S1-2000	17,350	16,431
Safe and Drug-Free Schools and Communities - State Grants	84.186	044974-DR-S1-1999	0	3,828
Safe and Drug-Free Schools and Communities - State Grants	84.186	044974-DR-S1-1998C	<u>0</u>	<u>29</u>
Total Safe and Drug-Free Schools			<u>17,350</u>	<u>20,288</u>
Class Size Reduction (Title VI-R)	84.340	044974-CR-S1-2000	<u>61,118</u>	<u>55,810</u>
Special Education Cluster:				
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	044974-6B-SF-2000P	230,351	174,890
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	044974-6B-SF-1999P	<u>0</u>	<u>5,478</u>
Total Title VI-B Flow-Thru			<u>230,351</u>	<u>180,368</u>
Special Education - Preschool Grants	84.173	044974-PG-S1-2000P	14,024	8,403
Special Education - Preschool Grants	84.173	044974-PG-S1-1999P	<u>0</u>	<u>876</u>
Total Preschool Grants			<u>14,024</u>	<u>9,279</u>
Total Special Education Cluster			<u>244,375</u>	<u>189,647</u>
Vocational Education - Basic Grants to States	84.048	044974-20-C1-2000	171,688	188,361
Vocational Education - Basic Grants to States	84.048	044974-20-C1-1999	<u>27,510</u>	<u>6,618</u>
Total Vocational Education			<u>199,198</u>	<u>194,979</u>
Total U.S. Department of Education			<u>868,950</u>	<u>822,544</u>
<u>National Foundation on the Arts and the Humanities</u>				
<i>Passed Through State Library of Ohio</i>				
State Library Program	45.310	I-19-00	<u>14,726</u>	<u>0</u>
Total National Foundation on the Arts and the Humanities			<u>14,726</u>	<u>0</u>
<u>U.S. Department of Labor</u>				
<i>Passed Through Ohio Department of Education:</i>				
Employment Services and Job Training - Pilot and Demonstration Programs (School to Work)	17.249	044974-WK-BE-2000	<u>0</u>	<u>14,022</u>
Total U.S. Department of Labor			<u>0</u>	<u>14,022</u>
<u>U.S. Department of Health and Human Services</u>				
<i>Passed Through Ohio Department of Education:</i>				
Early Childhood Grant	93.673	044974-DC-S1-2000	<u>13,500</u>	<u>13,500</u>
Total U.S. Department of Health and Human Services			<u>13,500</u>	<u>13,500</u>
Total Federal Assistance			<u>\$1,105,296</u>	<u>\$1,056,682</u>

WADSWORTH CITY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

WADSWORTH CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the general purpose financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the general purpose financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the general purpose financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the general purpose financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

WADSWORTH CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

(d)(1)(vii)	Major Program:	Title I Grants to Local Educational Agencies, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WADSWORTH CITY SCHOOL DISTRICT

MEDINA 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
MARCH 8, 2001**