



**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups As of June 30, 2000	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental and Similar Fiduciary Fund Types For the Fiscal Year Ended June 30, 2000	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budgetary Basis) - All Governmental and Similar Fiduciary Fund Types For the Fiscal Year Ended June 30, 2000	8
Combined Statement of Revenues, Expenses, and Changes in Fund Equity All Proprietary Fund Types - For the Fiscal Year Ended June 30, 2000	10
Combined Statement of Cash Flows - All Proprietary Fund Types For the Fiscal Year Ended June 30, 2000	11
Combined Statement of Revenues, Expenses, and Changes in Fund Balances Budget And Actual (Budgetary Basis) - All Proprietary Fund Types For the Fiscal Year Ended June 30, 2000	12
Notes to the General-Purpose Financial Statements	13
Schedule of Federal Awards Expenditures	40
Notes to Schedule of Federal Awards Expenditures	41
Report of Independent Accountants on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	43
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	45
Schedule of Findings	47

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Wapakoneta City School District
Auglaize County
3 North Pine
Wapakoneta, OH 45895

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the 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 February 20, 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.

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 federal awards expenditures 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.

Jim Petro
Auditor of State

February 20, 2001

This page intentionally left blank.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,503,121	\$149,069	\$855,100	\$868,427
Receivables:				
Property Taxes	4,596,237	0	1,035,908	168,414
Income Taxes	494,444	0	0	243,532
Accounts	22,632	1,213	0	0
Intergovernmental	15,620	10,000	0	0
Accrued Interest	29,035	0	0	2,370
Interfund	77,389	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	93,754	1,531	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	128,042	0	0	19,808
Cash and Cash Equivalents in Segregated Account	0	0	0	0
Advanced to Other Funds	50,000	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	<u>\$9,010,274</u>	<u>\$161,813</u>	<u>\$1,891,008</u>	<u>\$1,302,551</u>
Liabilities, Fund Equity, and Other Credits:				
Liabilities:				
Accounts Payable	\$51,541	\$8,412	\$0	\$8,579
Contracts Payable	0	0	0	148,861
Retainage Payable	0	0	0	13,477
Accrued Wages and Benefits	1,321,673	55,476	0	0
Compensated Absences Payable	3,942	0	0	0
Intergovernmental Payable	282,658	8,324	0	0
Interfund Payable	0	4,508	0	72,881
Deferred Revenue	4,402,032	0	992,021	161,351
Undistributed Assets	0	0	0	0
Due to Students	0	0	0	0
Liabilities Payable from Restricted Assets:				
Retainage Payable	0	0	0	19,808
Advances from Other Funds	0	0	0	50,000
Asbestos Removal Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>6,061,846</u>	<u>76,720</u>	<u>992,021</u>	<u>474,957</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Contributed Capital	0	0	0	0
Fund Balance:				
Reserved for Property Taxes	209,387	0	43,887	7,063
Reserved for Budget Stabilization	128,042	0	0	0
Reserved for Advances	50,000	0	0	0
Reserved for Encumbrances	1,190,868	14,414	0	462,043
Designated for Budget Stabilization	720,276	0	0	0
Unreserved, Undesignated	649,855	70,679	855,100	358,488
Total Fund Equity and Other Credits	<u>2,948,428</u>	<u>85,093</u>	<u>898,987</u>	<u>827,594</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$9,010,274</u>	<u>\$161,813</u>	<u>\$1,891,008</u>	<u>\$1,302,551</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$150,584	\$1,733	\$71,236	\$0	\$0	\$5,599,270
0	0	0	0	0	5,800,559
0	0	0	0	0	737,976
576	0	1,007	0	0	25,428
30,609	0	0	0	0	56,229
0	0	0	0	0	31,405
0	0	0	0	0	77,389
33,143	0	0	0	0	33,143
3,844	0	0	0	0	3,844
7,485	0	0	0	0	102,770
0	0	0	0	0	147,850
0	0	743,420	0	0	743,420
0	0	0	0	0	50,000
234,837	0	0	29,749,749	0	29,984,586
0	0	0	0	898,987	898,987
0	0	0	0	5,653,676	5,653,676
<u>\$461,078</u>	<u>\$1,733</u>	<u>\$815,663</u>	<u>\$29,749,749</u>	<u>\$6,552,663</u>	<u>\$49,946,532</u>
\$85	\$0	\$584	\$0	\$0	\$69,201
0	0	0	0	0	148,861
0	0	0	0	0	13,477
61,220	0	0	0	0	1,438,369
10,991	0	0	0	688,804	703,737
79,670	0	0	0	115,689	486,341
0	0	0	0	0	77,389
27,393	0	0	0	0	5,582,797
0	0	2,069	0	0	2,069
0	0	69,590	0	0	69,590
0	0	0	0	0	19,808
0	0	0	0	0	50,000
0	0	0	0	123,170	123,170
0	0	0	0	5,625,000	5,625,000
<u>179,359</u>	<u>0</u>	<u>72,243</u>	<u>0</u>	<u>6,552,663</u>	<u>14,409,809</u>
0	0	0	29,749,749	0	29,749,749
214,585	1,733	0	0	0	216,318
67,134	0	0	0	0	67,134
0	0	0	0	0	260,337
0	0	0	0	0	128,042
0	0	0	0	0	50,000
0	0	0	0	0	1,667,325
0	0	0	0	0	720,276
0	0	743,420	0	0	2,677,542
<u>281,719</u>	<u>1,733</u>	<u>743,420</u>	<u>29,749,749</u>	<u>0</u>	<u>35,536,723</u>
<u>\$461,078</u>	<u>\$1,733</u>	<u>\$815,663</u>	<u>\$29,749,749</u>	<u>\$6,552,663</u>	<u>\$49,946,532</u>

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Property Taxes	\$4,616,105	\$0	\$1,050,211	\$168,790	\$0	\$5,835,106
Income Taxes	1,483,762	0	0	730,807	0	2,214,569
Payment in Lieu of Taxes	45,000	0	0	0	0	45,000
Intergovernmental	10,245,646	1,021,302	129,183	224,670	0	11,620,801
Interest	379,057	2,163	0	8,028	40,680	429,928
Tuition and Fees	132,957	0	0	0	0	132,957
Rent	10,164	0	0	0	0	10,164
Extracurricular Activities	24,081	178,078	0	0	0	202,159
Gifts and Donations	5,800	5,764	0	50,000	1,000	62,564
Miscellaneous	167,605	0	0	0	0	167,605
Total Revenues	<u>17,110,177</u>	<u>1,207,307</u>	<u>1,179,394</u>	<u>1,182,295</u>	<u>41,680</u>	<u>20,720,853</u>
Expenditures:						
Current:						
Instruction:						
Regular	8,240,238	502,140	0	0	0	8,742,378
Special	639,464	372,500	0	0	0	1,011,964
Vocational	225,278	0	0	0	0	225,278
Adult/Continuing	0	2,880	0	0	0	2,880
Other	60,559	0	0	0	0	60,559
Support Services:						
Pupils	770,838	47,379	0	0	0	818,217
Instructional Staff	815,854	126,450	0	10,729	0	953,033
Board of Education	28,248	0	0	0	0	28,248
Administration	1,205,944	77,815	0	0	0	1,283,759
Fiscal	336,353	0	16,798	14,327	0	367,478
Operation and Maintenance of Plant	1,946,660	10,171	0	0	0	1,956,831
Pupil Transportation	977,680	0	0	158,591	0	1,136,271
Central	652,596	25,983	0	0	0	678,579
Non-Instructional Services	9,486	122,416	0	0	9,622	141,524
Extracurricular Activities	227,756	129,615	0	0	0	357,371
Capital Outlay	0	0	0	1,220,035	0	1,220,035
Debt Service:						
Principal Retirement	0	0	643,460	0	0	643,460
Interest and Fiscal Charges	0	0	489,844	0	0	489,844
Total Expenditures	<u>16,136,954</u>	<u>1,417,349</u>	<u>1,150,102</u>	<u>1,403,682</u>	<u>9,622</u>	<u>20,117,709</u>
Excess of Revenues Over (Under) Expenditures	973,223	(210,042)	29,292	(221,387)	32,058	603,144
Other Financing Sources:						
Proceeds from Sale of Fixed Assets	3,861	0	0	0	0	3,861
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	977,084	(210,042)	29,292	(221,387)	32,058	607,005
Fund Balances at Beginning of Year	1,971,344	295,135	869,695	1,048,981	711,362	4,896,517
Fund Balances at End of Year	<u>\$2,948,428</u>	<u>\$85,093</u>	<u>\$898,987</u>	<u>\$827,594</u>	<u>\$743,420</u>	<u>\$5,503,522</u>

See Accompanying Notes to the General Purpose Financial Statements.

This page intentionally left blank.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types					
	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$5,144,723	\$4,630,340	(\$514,383)	\$0	\$0	\$0
Income Taxes	1,419,210	1,477,290	58,080	0	0	0
Payment in Lieu of Taxes	45,000	45,000	0	0	0	0
Intergovernmental	9,848,970	10,252,033	403,063	1,278,810	1,030,194	(248,616)
Interest	341,062	355,020	13,958	2,688	2,163	(525)
Tuition and Fees	140,086	145,819	5,733	0	0	0
Rent	7,985	8,312	327	0	0	0
Extracurricular Activities	23,198	24,147	949	220,088	177,130	(42,958)
Gifts and Donations	3,803	5,800	1,997	7,162	5,764	(1,398)
Miscellaneous	11,364	11,786	422	0	0	0
Total Revenues	16,985,401	16,955,547	(29,854)	1,508,748	1,215,251	(293,497)
Expenditures:						
Current:						
Instruction:						
Regular	8,394,880	8,383,608	11,272	545,994	521,173	24,821
Special	667,748	650,532	17,216	424,912	365,906	59,006
Vocational	219,207	218,344	863	0	0	0
Adult/Continuing	0	0	0	2,880	2,880	0
Other	70,000	59,578	10,422	0	0	0
Support Services:						
Pupils	791,223	784,021	7,202	48,487	48,295	192
Instructional Staff	1,192,654	1,136,930	55,724	149,079	132,244	16,835
Board of Education	28,255	28,255	0	0	0	0
Administration	1,219,464	1,215,769	3,695	102,424	78,547	23,877
Fiscal	344,740	342,531	2,209	0	0	0
Operation and Maintenance of Plant	3,059,832	3,000,493	59,339	10,312	10,171	141
Pupil Transportation	996,573	977,471	19,102	0	0	0
Central	659,475	652,596	6,879	26,051	26,051	0
Non-Instructional Services	9,469	9,469	0	177,914	132,528	45,386
Extracurricular Activities	228,672	228,023	649	149,916	137,978	11,938
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	17,882,192	17,687,620	194,572	1,637,969	1,455,773	182,196
Excess of Revenues Over (Under) Expenditures	(896,791)	(732,073)	164,718	(129,221)	(240,522)	(111,301)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	3,709	3,861	152	0	0	0
Refund of Prior Year Expenditures	141,286	147,043	5,757	75	60	(15)
Advances In	0	50,000	50,000	0	0	0
Total Other Financing Sources (Uses)	144,995	200,904	55,909	75	60	(15)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(751,796)	(531,169)	220,627	(129,146)	(240,462)	(111,316)
Fund Balances at Beginning of Year	2,011,654	2,011,654	0	129,147	129,147	0
Prior Year Encumbrances Appropriated	997,817	997,817	0	233,183	233,183	0
Fund Balances at End of Year	\$2,257,675	\$2,478,302	\$220,627	\$233,184	\$121,868	(\$111,316)

See accompanying notes to the general-purpose financial statements.

Governmental Fund Types						Fiduciary Fund Type		
Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,188,124	\$1,065,034	(\$123,090)	\$188,801	\$170,451	(\$18,350)	\$0	\$0	\$0
0	0	0	995,425	727,620	(267,805)	0	0	0
0	0	0	0	0	0	0	0	0
8,346	129,183	120,837	430,319	224,670	(205,649)	0	0	0
0	0	0	10,779	7,880	(2,899)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	68,403	50,000	(18,403)	1,040	1,000	(40)
0	0	0	0	0	0	0	0	0
1,196,470	1,194,217	(2,253)	1,693,727	1,180,621	(513,106)	1,040	1,000	(40)
0	0	0	0	0	0	0	0	0
0	0	0	2,226	2,226	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	146,652	146,581	71	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
16,798	16,798	0	14,240	14,240	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	158,592	158,592	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,000	1,000	0
0	0	0	0	0	0	0	0	0
0	0	0	1,896,551	1,448,617	447,934	0	0	0
643,460	643,460	0	0	0	0	0	0	0
489,844	489,844	0	0	0	0	0	0	0
1,150,102	1,150,102	0	2,218,261	1,770,256	448,005	1,000	1,000	0
46,368	44,115	(2,253)	(524,534)	(589,635)	(65,101)	40	0	(40)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
46,368	44,115	(2,253)	(524,534)	(589,635)	(65,101)	40	0	(40)
810,985	810,985	0	524,059	524,059	0	0	0	0
0	0	0	413,589	413,589	0	0	0	0
\$857,353	\$855,100	(\$2,253)	\$413,114	\$348,013	(\$65,101)	\$40	\$0	(\$40)

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Operating Revenues:			
Sales	\$738,423	\$0	\$738,423
Other Operating Revenues	3,789	0	3,789
Total Operating Revenues	<u>742,212</u>	<u>0</u>	<u>742,212</u>
Operating Expenses:			
Salaries	373,303	0	373,303
Fringe Benefits	168,486	0	168,486
Purchased Services	33,129	0	33,129
Materials and Supplies	31,642	0	31,642
Cost of Sales	418,937	0	418,937
Depreciation	24,061	0	24,061
Other Operating Expenses	716	0	716
Total Operating Expenses	<u>1,050,274</u>	<u>0</u>	<u>1,050,274</u>
Operating Loss	<u>(308,062)</u>	<u>0</u>	<u>(308,062)</u>
Non-Operating Revenues:			
Federal Donated Commodities	120,743	0	120,743
Interest	2,385	0	2,385
Operating Grants	228,131	0	228,131
Total Non-Operating Revenues	<u>351,259</u>	<u>0</u>	<u>351,259</u>
Net Income	43,197	0	43,197
Retained Earnings at Beginning of Year	<u>171,388</u>	<u>1,733</u>	<u>173,121</u>
Retained Earnings at End of Year	214,585	1,733	216,318
Contributed Capital at Beginning and End of Year	<u>67,134</u>	<u>0</u>	<u>67,134</u>
Total Fund Equity at End of Year	<u><u>\$281,719</u></u>	<u><u>\$1,733</u></u>	<u><u>\$283,452</u></u>

See Accompanying Notes to the General Purpose Financial Statements.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$738,390	\$0	\$738,390
Cash Received from Other Revenues	3,266	0	3,266
Cash Payments for Salaries	(371,547)	0	(371,547)
Cash Payments for Fringe Benefits	(171,176)	0	(171,176)
Cash Payments to Suppliers for Goods and Services	(362,385)	0	(362,385)
Cash Payments for Other Expenses	(716)	0	(716)
Net Cash Used for Operating Activities	(164,168)	0	(164,168)
Cash Flows from Noncapital Financing Activities:			
Cash Received from Operating Grants	197,522	0	197,522
Cash Payments for Advances Out	(50,000)	0	(50,000)
Net Cash Provided by Noncapital Financing Activities	147,522	0	147,522
Cash Flows from Capital and Related Financing Activities:			
Cash Payments for Fixed Assets	(6,769)	0	(6,769)
Cash Flows from Investing Activities:			
Cash Received from Interest	2,385	0	2,385
Net Decrease in Cash and Cash Equivalents	(21,030)	0	(21,030)
Cash and Cash Equivalents at Beginning of Year	171,614	1,733	173,347
Cash and Cash Equivalents at End of Year	\$150,584	\$1,733	\$152,317
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	(\$308,062)	\$0	(\$308,062)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	24,061	0	24,061
Donated Commodities Used During Year	120,743	0	120,743
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(576)	0	(576)
Decrease in Inventory Held for Resale	760	0	760
Increase in Materials and Supplies Inventory	(245)	0	(245)
Increase in Prepaid Items	(327)	0	(327)
Increase in Accounts Payable	85	0	85
Decrease in Accrued Wages and Benefits	(50)	0	(50)
Increase in Compensated Absences Payable	1,616	0	1,616
Decrease in Intergovernmental Payable	(2,173)	0	(2,173)
Total Adjustments	143,894	0	143,894
Net Cash Used for Operating Activities	(\$164,168)	\$0	(\$164,168)

See Accompanying Notes to the General Purpose Financial Statements.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds			Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$799,214	\$738,390	(\$60,824)	\$200	\$0	(\$200)
Interest	2,581	2,385	(196)	0	0	0
Operating Grants	213,793	197,522	(16,271)	0	0	0
Other Revenues	3,494	3,266	(228)	0	0	0
Total Revenues	1,019,082	941,563	(77,519)	200	0	(200)
Expenses:						
Salaries	371,857	371,547	310	0	0	0
Fringe Benefits	171,176	171,176	0	0	0	0
Purchased Services	33,466	33,158	308	1,733	0	1,733
Materials and Supplies	334,153	332,367	1,786	0	0	0
Capital Outlay	4,148	4,148	0	0	0	0
Other Expenses	716	716	0	0	0	0
Total Expenses	915,516	913,112	2,404	1,733	0	1,733
Excess of Revenues Over (Under) Expenses	103,566	28,451	(75,115)	(1,533)	0	1,533
Advances Out	(50,000)	(50,000)	0	0	0	0
Excess of Revenues Over (Under) Expenses and Advances	53,566	(21,549)	(75,115)	(1,533)	0	1,533
Fund Balances at Beginning of Year	171,424	171,424	0	1,733	1,733	0
Prior Year Encumbrances Appropriated	190	190	0	0	0	0
Fund Balances at End of Year	\$225,180	\$150,065	(\$75,115)	\$200	\$1,733	\$1,533

See Accompanying Notes to the General Purpose Financial Statements.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established through the consolidation of existing land areas and school districts. The School District serves an area of approximately one hundred fifty-five square miles. It is located in Auglaize County, and includes all of the City of Wapakoneta and portions of surrounding townships. It is staffed by one hundred twenty-five classified employees, one hundred eighty-four certified teaching personnel, and eleven administrative employees who provide services to 3,385 students and other community members. The School District currently operates six instructional buildings and an administration/garage building.

A. Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The following activities are included within the reporting entity:

Parochial School - Within the School District boundaries, the St. Joseph Elementary School is operated through the Cincinnati Catholic Diocese. Current State legislation provides funding to the parochial school. The money is received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District for financial reporting purposes.

The School District is associated with four jointly governed organizations and an insurance pool. These organizations are the Northwest Ohio Area Computer Services Cooperative (NOACSC), Apollo Joint Vocational School, West Central Ohio Regional Professional Development Center, West Central Ohio Special Education Regional Resource Center, and the NOACSC Workers' Compensation Group Rating Plan. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Wapakoneta City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School 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 not recorded in the funds because they do not directly affect net available expendable resources.

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

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) 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 obligation principal, interest, and related costs.

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of 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 School District, except those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District, except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust 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 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.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary fund types are accounted for using 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 balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is 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: taxpayer-assessed income taxes, grants, interest, tuition, student fees, and rent.

The School District reports deferred revenues 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.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. 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.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

The School District did not budget for the Employee Health Benefits expendable trust fund because no cash activity was anticipated in fiscal year 2000.

1. 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.

By no later than January 20, the Board-adopted budget is filed with the Auglaize County Budget Commission for rate determination.

2. 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 School 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 the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2000.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

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

4. 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 balance for subsequent-year expenditures for governmental fund types and expendable trust funds and reported in the notes to the financial statements for proprietary fund types.

5. 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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" and "Restricted Assets: Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

The School District holds monies in a separate account for the remaining balance of a terminated self-insurance program. The amount held within this account is reflected as "Restricted Assets: Cash and Cash Equivalents in Segregated Account".

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2000, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price, the investment could be sold for on June 30, 2000.

The School District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2000 was \$379,057, which included approximately \$78,000 assigned from other School 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 original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and those not purchased from the pool, are reported as investments.

E. Inventory

Inventory in the proprietary funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated and purchased food held for resale and is expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 18 for the calculation of the year-end restricted assets balance and the corresponding fund balance reserve.

Restricted assets in the capital projects funds represent cash and cash equivalents held by the School District as retainage on contracts.

Restricted assets in the Employee Health Benefits expendable trust fund represent monies restricted for employee health care benefits. In prior years, this fund was used for a self-insurance health care program. The program was terminated and due to the program's trust agreements, the balances must be held and used for the benefit of the employees.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables". Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after twenty years of service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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 liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term loans and bonds are reported as liabilities in 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 proprietary fund.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings.

M. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, budget stabilization, advances, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

The designation for budget stabilization represents revenue set aside that exceeds statutorily required amounts.

N. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Intergovernmental Revenues (Continued)

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Allocation

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Post Secondary Vocational Education
- Local Professional Development
- Education Management Information Systems
- Data Communication
- SchoolNet Professional Development
- Ohio Reads
- Summer Intervention
- Safe School Help Line
- Family and School Partnership
- Eisenhower Math/Science
- Title VI-B
- Title I
- Title VI
- Title VI-R Reducing Class Size
- Raising the Bar
- Learn and Serve

Capital Projects Funds

- Vocational Education Equipment
- SchoolNet
- Technology Equity
- Power Up
- American Disabilities Act
- Emergency Building Repair

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Fund

- Telecom Erate

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

Grants and entitlements were 56 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. Use of Estimates

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

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (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.

3. ACCOUNTABILITY

The following funds had deficit fund balances at June 30,2000:

Fund Type/Fund	Deficit
Special Revenue Funds	
Ohio Reads	\$135
Title VI-B	12,371
Title I	14,844
Title VI	3,366
Title VI-R Reducing Class Size	2,993
Capital Projects Funds	
American Disabilities Act	72,881
Emergency Building Repair	50,000

The deficits in the special revenue funds and the American Disabilities Act capital projects fund were created by the application of generally accepted accounting principles. The deficit in the Emergency Building Repair capital projects fund was caused by the requirement to report unpaid advances as a fund liability. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - All Governmental and Expendable Trust Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District does not budget for the activities of the employee health benefits trustee account (budget basis); this activity is included in the expendable trust fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds**

	Governmental Fund Types				Expendable Trust
	General	Special Revenue	Debt Service	Capital Projects	
GAAP Basis	\$977,084	(\$210,042)	\$29,292	(\$221,387)	\$32,058
Revenue Accruals	(8,329)	7,936	14,823	(1,460)	0
Expenditure Accruals	(318,026)	(16,137)	0	100,501	0
Cash on Hand at Beginning of Year	1,054	68	0	52	0
Cash on Hand at End of Year	(312)	0	0	(265)	0
Prepaid Items	(2,702)	406	0	0	0
Advances In	50,000	0	0	0	0
To Record Excess of Revenues Over Expenditures for Nonbudgeted Funds					(32,058)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(1,229,938)	(22,693)	0	(467,076)	0
Budget Basis	<u>(\$531,169)</u>	<u>(\$240,462)</u>	<u>\$44,115</u>	<u>(\$589,635)</u>	<u>\$0</u>

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Under Expenses Proprietary Fund Type	<u>Enterprise</u>
GAAP Basis	\$43,197
Revenue Accruals	(31,165)
Expense Accruals	(542)
Inventory Held for Resale	760
Materials and Supplies Inventory	(245)
Prepaid Items	(327)
Acquisition of Fixed Assets	(6,769)
Depreciation Expense	24,061
Advances Out	(50,000)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(519)
Budget Basis	<u><u>(\$21,549)</u></u>

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School 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 must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

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".

At fiscal year end, the carrying amount of the School District's deposits was \$2,889,861 and the bank balance was \$3,539,758. Of the bank balance, \$419,807 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School 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 School 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 School District's name.

At year end, the District's only investment was in STAROhio and had a fair value of \$3,600,679. STAROhio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, (*Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*). A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$6,490,540	\$0
Investments:		
STAR Ohio	(3,600,679)	3,600,679
GASB Statement No. 3	<u>\$2,889,861</u>	<u>\$3,600,679</u>

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes for 2000 were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2000 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

6. PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes for 2000 were levied after April 1, 2000, on the value as of December 31, 1999, the lien date. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Auglaize County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are 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, public utility property, and tangible personal property taxes which were 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 year operations.

The amount available as an advance at June 30, 2000, was \$209,387 in the General Fund, \$43,887 in the Bond Retirement debt service fund, and \$7,063 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 1999, was \$223,622 in the General Fund, \$58,710 in the Bond Retirement debt service fund, and \$8,724 in the Permanent Improvement capital projects fund.

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$188,207,610	81.16%	\$221,675,990	84.10%
Public Utility	14,586,630	6.29	13,936,120	5.29
Tangible Personal	<u>29,092,312</u>	<u>12.55</u>	<u>27,972,660</u>	<u>10.61</u>
Total Assessed Value	<u>\$231,886,552</u>	<u>100.00%</u>	<u>\$263,584,770</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$31.80		\$30.70	

During fiscal year 2000, the bonded debt tax levy was reduced by \$1.10 mills due to increased property valuation.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

7. INCOME TAXES

The School District levies a voted tax of .50 percent for general operations and .25 percent for permanent improvements on the income of residents and of estates. The .50 percent portion of the tax was effective on January 1, 1991, and the .25 percent portion of the tax was effective on January 1, 1996. The entire voted tax is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return.

The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund and the Permanent Improvement capital projects fund.

8. PAYMENT IN LIEU OF TAXES

As provided by State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2000 were to \$45,000.

9. RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, accrued interest, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, the current year guarantee of federal funds, and the School District's policy on collecting student fees.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	
Miscellaneous	\$13,420
Driver Education	2,200
Total General Fund	<u>15,620</u>
Special Revenue Fund	
Title VI-B	<u>10,000</u>
Enterprise Fund	
Food Service	30,609
Total Intergovernmental Receivables	<u><u>\$56,229</u></u>

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

10. FIXED ASSETS

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

Buildings	\$3,845
Furniture and Equipment	<u>497,360</u>
Total	501,205
Less Accumulated Depreciation	<u>(266,368)</u>
Net Fixed Assets	<u><u>\$234,837</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<u>Asset Category</u>	<u>Balance at 6/30/1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2000</u>
Land and Improvements	\$1,099,499	\$0	\$0	\$1,099,499
Buildings and Improvements	21,606,220	881,756	87,796	22,400,180
Furniture, Fixtures, and Equipment	3,743,898	135,351	0	3,879,249
Vehicles	2,035,988	315,422	343,476	2,007,934
Construction in Progress	163,217	1,081,426	881,756	362,887
Totals	<u><u>\$28,648,822</u></u>	<u><u>\$2,413,955</u></u>	<u><u>\$1,313,028</u></u>	<u><u>\$29,749,749</u></u>

11. INTERFUND ASSETS/LIABILITIES

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund</u>		<u>Advances</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$77,389</u>	<u>\$0</u>	<u>\$50,000</u>	<u>\$0</u>
Special Revenue Funds				
Title VI-B	0	3,050	0	0
Title VI	0	1,458	0	0
Total Special Revenue Funds	<u>0</u>	<u>4,508</u>	<u>0</u>	<u>0</u>
Capital Projects Funds				
American Disabilities Act	0	72,881	0	0
Emergency Building Repair	0	0	0	50,000
Total Capital Projects Funds	<u>0</u>	<u>72,881</u>	<u>0</u>	<u>50,000</u>
Totals	<u><u>\$77,389</u></u>	<u><u>\$77,389</u></u>	<u><u>\$50,000</u></u>	<u><u>\$50,000</u></u>

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted for the following insurance coverages:

Coverages provided by Indiana Insurance Company are as follows:

Building and Contents - Replacement Cost (\$1,000 deductible)	\$45,866,003
Earthquake	10,000,000
Electronic Data Processing	
Equipment	531,671
Media	3,000
Miscellaneous Equipment	91,737
Automobile Liability	1,000,000
Medical Payments per Person	5,000
General Liability	
Per Occurrence	1,000,000
Aggregate	2,500,000
Commercial Crime	17,500
Crime	5,000
Inside Premises	25,000
Outside Premises	25,000

Coverages provided by Nationwide Insurance Company are as follows:

Commercial Umbrella Liability	
Per Occurrence	\$5,000,000
Aggregate	
General Aggregate	5,000,000
Products/Completed Operations	5,000,000
Self Insured Retention on Any One Occurrence	10,000
Inland Marine (\$100 deductible)	128,895

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

For fiscal year 2000, the School District participated in the NOACSC Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the program.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Acordia Workers' Compensation Services provides administrative, cost control, and actuarial services to the GRP.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

13. CONTRACTUAL OBLIGATIONS

As of June 30, 2000, the School District had the following contractual obligations:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
D. L. Steiner	Power Up Engineering	\$3,788
Dick Nagel Electric	Power Up	73,000
Hemleben Construction	Harmon Field	290,958
Hume Supply	Harmon Field	6,716
Steinke Concrete	Harmon Field	3,822
Greve Drywall	Painting	56,188
Koenig Equipment	Commercial Mower	25,503
Fanning/Howey Associates	Master Plan	20,000
Service Supply Ltd.	Playground Equipment	72,000
Frost and Company	Resource Room HVAC	44,000
Frost and Company	Gutter and Roof Work	121,077
Total Commitments		<u>\$717,052</u>

14. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$495,978, \$470,702, and \$820,115, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$82,282, is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

14. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used 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 School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$118,638, \$163,705, and \$198,264, respectively; 39 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$72,723, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate State Retirement System. As of December 31, 2000, three members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

15. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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 statutory 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 law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$661,304 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

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 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

15. POSTEMPLOYMENT BENEFITS (Continued)

For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$237,241 for fiscal year 2000. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses.

Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

16. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. The superintendent, business manager, and treasurer earn twenty days of vacation per contract period. Accumulated unused vacation time is paid to the classified employees, superintendent, business manager, and treasurer upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifty days for teachers and administrators, and two hundred twenty-five days for classified employees. Upon retirement, payment is made for one-fifth of accrued, but unused sick leave credit to a maximum of fifty days for teachers and administrators. Upon retirement, classified employees are paid one-fourth of their accrued, but unused sick leave credit to a maximum of thirty days, plus one-fifth of the remaining unused sick leave credit up to a maximum of forty-six days.

B. Health Care Benefits

The School District provides employee medical/surgical benefits through Anthem Blue Cross/Blue Shield. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. The School District provides dental insurance to all employees through Anthem Blue Cross/Blue Shield and life insurance through Community National.

C. Early Retirement Incentive

The School District has approved an early retirement incentive program. Participation in the plan is voluntary. Any qualifying bargaining unit member is provided an opportunity to participate in the retirement incentive program. In order to be eligible, the certificated employee:

- Must have ten or more years of service with the District as a member of the bargaining unit, five of which must be consecutive and in paid status immediately prior to retirement;
- Must have 30 years membership under STRS;
- Must give written notice to the Superintendent by no later than March 1 of the year he/she first becomes eligible for full retirement under STRS

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

16. OTHER EMPLOYEE BENEFITS (Continued)

Teachers meeting the requirements shall receive an amount equal to one day severance pay for each year of service to the District, not to exceed thirty days. The District will pay the incentive to qualifying bargaining unit members in one lump sum payment. Such payment shall be made no later than twelve months following the effective date of separation.

17. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	<u>Balance at 6/30/1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2000</u>
<u>General Long-Term Obligations</u>				
1988, 0% Asbestos Removal Loan	\$49,652	\$0	\$7,639	\$42,013
1990, 0% Asbestos Removal Loan	91,978	0	10,821	81,157
1987, 8.25% High School Bonds	6,250,000	0	625,000	5,625,000
Total Long-Term Obligations	<u>6,391,630</u>	<u>0</u>	<u>643,460</u>	<u>5,748,170</u>
Compensated Absences Payable	801,523	0	112,719	688,804
Intergovernmental Payable	107,322	115,689	107,322	115,689
Total General Long-Term Obligations	<u>\$7,300,475</u>	<u>\$115,689</u>	<u>\$863,501</u>	<u>\$6,552,663</u>

Asbestos Removal Loans - In 1988, the School District began an asbestos removal program throughout all of the School District's buildings. Three asbestos removal loans totaling \$372,372 were received from the federal government. The loans were issued with varying maturities from ten to nineteen years, with a final maturity on December 30, 2007. The loans are being retired from the Bond Retirement debt service fund.

High School General Obligation Bonds - On December 1, 1987, the School District issued \$12,500,000 in voted general obligation bonds for constructing a high school. The bonds were issued for a twenty-one year period, with final maturity on December 1, 2008. The bonds are being retired from the Bond Retirement debt service fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. The change in compensated absences is presented at net because it is not practical to determine the actual increase and decrease.

The School District's overall legal debt margin was \$18,873,446 with an unvoted debt margin of \$263,585 at June 30, 2000.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

17. LONG-TERM OBLIGATIONS (Continued)

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

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$643,460	\$438,281	\$1,081,741
2002	643,460	386,718	1,030,178
2003	643,460	335,157	978,617
2004	643,460	283,594	927,054
2005	643,460	232,031	875,491
2006-2009	2,530,870	412,500	2,943,370
Total	<u>\$5,748,170</u>	<u>\$2,088,281</u>	<u>\$7,836,451</u>

18. SET ASIDE REQUIREMENTS

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements and budget stabilization during fiscal year 2000. Disclosure of this information is required by state statute.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 1999	\$0	\$0	\$186,971
Current Year Set Aside Requirement	390,629	390,629	0
Current Year Offsets	0	(896,797)	(58,929)
Qualifying Expenditures	(791,426)	0	0
Amount Carried Forward to Fiscal Year 2001	<u>(\$400,797)</u>	<u>(\$506,168)</u>	<u>\$128,042</u>
Set Aside Reserve Balance June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$128,042</u>

The School District had qualifying expenditures during the fiscal year that reduced the textbook and capital improvements set aside amounts below zero. These amounts may be used to reduce the set aside requirements in future fiscal years. The total reserve balance for set asides at the end of the fiscal year was \$128,042.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Adult Education	Total
Operating Revenues	\$742,212	\$0	\$742,212
Depreciation Expense	24,061	0	24,061
Operating Loss	(308,062)	0	(308,062)
Federal Donated Commodities	120,743	0	120,743
Operating Grants	228,131	0	228,131
Net Income	43,197	0	43,197
Fixed Assets:			
Additions	6,769	0	6,769
Net Working Capital	57,663	210	57,873
Total Assets	460,868	210	461,078
Total Equity	281,509	210	281,719
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	519	0	519

20. JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

Apollo Joint Vocational School - The Apollo Joint Vocational School is a distinct political subdivision of the State of Ohio which provides vocational education services to students. The Joint Vocational School is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Apollo Joint Vocational School, Greg Bukowski, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

West Central Ohio Regional Professional Development Center - The West Central Ohio Regional Professional Development Center (the Center) is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities than are tied directly to school improvement, and in particular, to improvements in instructional programs.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

West Central Ohio Regional Professional Development Center (Continued) - The Center is governed by a fifty-two member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

West Central Ohio Special Education Regional Resource Center - The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be from Krista Hart, Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

21. INSURANCE POOL

NOACSC Workers' Compensation Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The NOACSC Workers' Compensation Group Rating Plan (the Plan) was established through the Northwest Ohio Area Computer Services Cooperative (NOACSC) as an insurance purchasing pool. The Safety Coordinator, Robert Lotz, of NOACSC, or his designee, serves as coordinator of the Plan. Each year, the participating members pay an enrollment fee to the Plan to cover the costs of administering the program.

22. SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$9,626,590 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme 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 Ohio 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 Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

22. SCHOOL FUNDING (Continued)

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

As of the date of these financial statements, the School 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.

23. CONTINGENCIES

A. Grants

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Food Distribution Program		10.550	\$0	\$120,743	\$0	\$120,743
National School Breakfast Program	05-PU	10.553	10,771	0	10,771	0
National School Lunch Program	04-PU	10.555	177,326	0	177,326	0
Total U.S. Department of Agriculture - Nutrition Cluster			188,097	120,743	188,097	120,743
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Title I, Part A, IASA	C1-S1	84.010	225,178	0	203,594	0
Title I, Part A, IASA	C1-S1	84.010	25,325	0	30,355	0
Total Title I, Part A, IASA			250,503	0	233,949	0
Title VI-B, Special Education Grants to States	6B-SF	84.027	164,190	0	166,596	0
Title VI-B, Special Education Grants to States	6B-SF	84.027	18,892	0	60,950	0
Total Title VI-B			183,082	0	227,546	0
Title VI, Innovative Education Program Strategies	C2-S1	84.298	0	0	9,012	0
Title VI, Innovative Education Program Strategies	C2-S1	84.298	5,284	0	6,742	0
Total Title VI			5,284	0	15,754	0
Dwight D. Eisenhower Mathematics and Science Grants	MS-S1	84.281	0	0	4,654	0
Dwight D. Eisenhower Mathematics and Science Grants	MS-S1	84.281	3,724	0	0	0
Total Eisenhower Professional Development State Grants			3,724	0	4,654	0
Title VI-R, Reducing Class Size	6B-SF	84.340	49,476	0	45,920	0
Family and School Partnership	G2-S4	84.276	0	0	984	0
Technology Literacy Challenge	TF - 31	84.318	225,000	0	355,229	0
Total U.S. Department of Education			717,069	0	884,036	0
U.S. DEPARTMENT OF LABOR						
(Passed through Ohio Department of Education)						
Learn and Serve	SV-S3	94.004	0	0	575	0
Learn and Serve	SV-S3	94.004	(1,191)	0	12,293	0
Learn and Serve	SV-S3	94.004	15,000	0	15,000	0
Total Learn and Serve Grant			13,809	0	27,868	0
Total U.S. Department of Labor			13,809	0	27,868	0
Total Federal Assistance			\$918,975	\$120,743	\$1,100,001	\$120,743

See Accompanying Notes to the Schedule of Federal Awards Expenditures.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Wapakoneta City School District
Auglaize County
3 North Pine Street
Wapakoneta, OH 45895

To the Board of Education:

We have audited the financial statements of Wapakoneta City School District, Auglaize County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated February 20, 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 20, 2001.

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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 20, 2001.

Wapakoneta City School District
Auglaize County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended 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

Jim Petro
Auditor of State

February 20, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Wapakoneta City School District
Auglaize County
3 North Pine Street
Wapakoneta, OH 45895

To the Board of Education:

Compliance

We have audited the compliance of Wapakoneta City School District, Auglaize County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to 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. 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated February 20, 2001.

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. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated February 20, 2001.

This report is intended 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.

Jim Petro
Auditor of State

February 20, 2001

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Technology Literacy Grant -CFDA# 84.318
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	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

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

WAPAKONETA CITY SCHOOL DISTRICT

AUGLAIZE 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 13, 2001**