



**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental and Similar Fiduciary Fund Types	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Comparison (Non-GAAP Budgetary Basis) All Governmental and Similar Fiduciary Fund Types	10
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings All Proprietary Fund Types	14
Combined Statement of Cash Flows All Proprietary Fund Types	15
Notes to General-Purpose Financial Statements	17
Schedule of Federal Awards Expenditures	42
Notes to the Schedule of Federal Awards Expenditures	44
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	45
Report of Independent Accountants on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Circular A- 133	47
Schedule of Findings	49
Schedule of Prior Audit Findings	51

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Local School District
Lucas County
3505 West Lincolnshire Boulevard
Toledo, Ohio 43606-1299

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Washington Local School District, Lucas County, (the School District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School 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.

As more fully described in Note 6 to these financial statements, the District reclassified certain funds.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Washington Local School District, Lucas County, 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 27, 2001 on our consideration of the School 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 School 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 27, 2001

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**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS:			
Assets:			
Equity in Pooled Cash and Cash Equivalents:			
Unrestricted	\$10,326,875	\$1,504,311	\$578,671
Receivables:			
Taxes	37,426,823		708,819
Accounts	16,471	18,742	
Intergovernmental	6,900	688,505	
Due from Other Funds	719		
Interfund Receivable	359,900		
Prepaid Items	152,933		
Material and Supplies Inventory	126,999		
Restricted Equity in Pooled Cash and Investments	993,098		
Fixed Assets (Net, where applicable, of Accumulated Depreciation)			
Other Debits:			
Amount to be Provided from General Government Resources			
Total Assets and Other Debits	\$49,410,718	\$2,211,558	\$1,287,490

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$374,812	\$540,804	\$208,447			\$13,533,920
					38,135,642
2,083	1,584	582			39,462
					695,405
					719
					359,900
100,030					152,933
					227,029
					993,098
120,498			\$33,505,391		33,625,889
				\$6,311,392	6,311,392
\$597,423	\$542,388	\$209,029	\$33,505,391	\$6,311,392	\$94,075,389

(Continued)

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(Continued)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
LIABILITIES, FUND EQUITY AND OTHER CREDITS:			
Liabilities:			
Accounts Payable	\$218,964	\$190,037	
Contracts Payable			\$178,050
Accrued Wages	3,407,432	142,006	
Compensated Absences Payable	80,373		
Intergovernmental Payable	744,118	16,602	
Capital Lease Payable			
Interfund Payable		359,900	
Deferred Revenue	34,241,747		643,817
Due to Other Funds			
Due to Students			
Notes Payable			
General Obligation Bonds Payable			
Total Liabilities	38,692,634	708,545	821,867
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Retained Earnings:			
Unreserved			
Fund Balance:			
Reserved for Encumbrances	1,248,872	480,122	
Reserved for Inventory	126,999		
Reserved for Prepaid Items	152,933		
Reserved for Budget Stabilization	888,400		
Reserved for Textbooks	104,698		
Reserved for Taxes Unavailable for Appropriation	3,185,076		65,002
Unreserved:			
Undesignated	5,011,106	1,022,891	400,621
Total Fund Equity and Other Credits	10,718,084	1,503,013	465,623
Total Liabilities, Fund Equity and Other Credits	\$49,410,718	\$2,211,558	\$1,287,490

The accompanying notes are an integral part of the 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	
					\$416,569
\$7,568					178,050
					3,549,438
121,232				\$3,041,340	3,242,945
48,943				157,741	967,404
				70,666	70,666
					359,900
59,194					34,944,758
		\$719			719
		118,595			118,595
				86,645	86,645
				2,955,000	2,955,000
<u>236,937</u>		<u>119,314</u>		<u>6,311,392</u>	<u>46,890,689</u>
					\$33,505,391
360,486	\$542,388				902,874
		4,696			1,733,690
					126,999
					152,933
					888,400
					104,698
					3,250,078
		85,019			6,519,637
<u>360,486</u>	<u>542,388</u>	<u>89,715</u>	<u>33,505,391</u>		<u>47,184,700</u>
<u>\$597,423</u>	<u>\$542,388</u>	<u>\$209,029</u>	<u>\$33,505,391</u>	<u>\$6,311,392</u>	<u>\$94,075,389</u>

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS 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**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Taxes	\$35,450,966	
Intergovernmental	16,770,137	\$3,360,829
Interest	953,760	16,660
Tuition	451,528	
Extracurricular Activities		288,299
Revenue in Lieu of Taxes		856,499
Miscellaneous	209,484	11,964
Total Revenues	<u>53,835,875</u>	<u>4,534,251</u>
Expenditures:		
Current:		
Instruction:		
Regular	21,553,439	1,091,137
Special	3,956,323	935,173
Vocational	2,160,721	107,422
Adult/Continuing	110,983	192,811
Other	503,166	(4,735)
Support Services:		
Pupils	2,376,102	36,181
Instructional Staff	1,668,415	526,322
Board of Education	65,335	
Administration	3,161,522	23,781
Fiscal	1,133,624	5,000
Business	398,132	
Operation and Maintenance of Plant	6,374,806	
Pupil Transportation	2,038,092	
Central	726,678	27,492
Operation of Non-Instructional Services		150,284
Extracurricular Activities	509,097	1,327,353
Capital Outlay		
Debt Service:		
Principal Retirement	103,708	
Interest and Fiscal Charges	7,963	
Total Expenditures	<u>46,848,106</u>	<u>4,418,221</u>
Excess of Revenues Over (Under) Expenditures	<u>6,987,769</u>	<u>116,030</u>
Other Financing Sources (Uses):		
Proceeds from Sale of Fixed Assets	13,252	
Refund of Prior Year Expenditures	281,514	
Other Financing Sources (Uses)	(200)	
Operating Transfers In	454,000	34,513
Operating Transfers Out	(1,049,272)	(1,950)
Total Other Financing Sources (Uses)	<u>(300,706)</u>	<u>32,563</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,687,063	148,593
Fund Balances at Beginning of Year- Restated	4,005,198	1,354,420
Increase (Decrease) in Reserve for Inventory	25,823	
Fund Balances at End of Year	\$10,718,084	\$1,503,013

The accompanying notes are an integral part of the financial statements.

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trusts</u>	
	\$415,888		\$35,866,854
	229,028		20,359,994
\$3,463	26,922	\$3,351	1,004,156
			451,528
		23,782	312,081
			856,499
	20,000	14,237	255,685
<u>3,463</u>	<u>691,838</u>	<u>41,370</u>	<u>59,106,797</u>
			22,644,576
		21,943	4,913,439
			2,268,143
			303,794
			498,431
			2,412,283
			2,194,737
			65,335
			3,185,303
			1,138,624
			398,132
			6,374,806
			2,038,092
		8,983	763,153
			150,284
		6,238	1,842,688
	1,137,201		1,137,201
380,000			483,708
180,631			188,594
<u>560,631</u>	<u>1,137,201</u>	<u>37,164</u>	<u>53,001,323</u>
<u>(557,168)</u>	<u>(445,363)</u>	<u>4,206</u>	<u>6,105,474</u>
			13,252
			281,514
			(200)
554,709		8,000	1,051,222
			(1,051,222)
<u>554,709</u>		<u>8,000</u>	<u>294,566</u>
(2,459)	(445,363)	12,206	6,400,040
2,459	910,986	77,509	6,350,572
			25,823
	<u>\$465,623</u>	<u>\$89,715</u>	<u>\$12,776,435</u>

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2000**

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Taxes	\$32,664,000	\$32,938,326	\$274,326
Intergovernmental	17,017,925	16,780,637	(237,288)
Earnings on Investments	600,000	954,226	354,226
Tuition and Fees	312,800	450,568	137,768
Rentals	85,000		(85,000)
Extracurricular Activities			
Miscellaneous	351,000	206,930	(144,070)
Total Revenues	51,030,725	51,330,687	299,962
Expenditures:			
Current:			
Instruction:			
Regular	23,082,640	22,794,393	288,247
Special	4,139,069	4,007,032	132,037
Vocational	2,333,529	2,316,516	17,013
Adult/Continuing Education	130,041	110,983	19,058
Other	560,000	496,455	63,545
Support Services:			
Pupils	2,546,908	2,470,755	76,153
Instructional Staff	2,110,658	2,067,467	43,191
Board of Education	105,060	65,131	39,929
Administration	3,394,035	3,283,530	110,505
Fiscal	1,219,331	1,151,287	68,044
Business	535,044	411,944	123,100
Operation and Maintenance	6,854,443	6,689,019	165,424
Pupil Transportation	2,516,458	2,436,315	80,143
Central	1,068,127	898,990	169,137
Extracurricular Activities	532,006	530,983	1,023
Community Environment			
Capital Outlay			
Debt Service:			
Principal Retirement	103,754	103,708	46
Interest and Fiscal Charges	7,963	7,963	
Total Expenditures	51,239,066	49,842,471	1,396,595
Excess Revenues Over (Under) Expenditures	(208,341)	1,488,216	1,696,557
Other Financing Sources and (Uses):			
Proceeds of Sale of Fixed Assets	10,000	13,252	3,252
Refund of Prior year Expenditures	10,000	290,686	280,686
Advances In	385,500	385,500	0
Advances (Out)	(350,000)	(310,900)	39,100
Operating Transfers In	3,462,701	454,000	(3,008,701)
Operating Transfers Out	(1,108,244)	(1,049,272)	58,972
Other Financing Uses			
Total Other Financing Sources (Uses)	2,409,957	(216,734)	(2,626,691)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,201,616	1,271,482	(930,134)
Fund Balances, July 1, 1999- Restated	6,749,399	6,749,399	
Prior years encumbrances appropriated	1,831,454	1,831,454	
Fund Balances, June 30, 2000	\$10,782,469	\$9,852,335	(\$930,134)

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,559,059	\$4,093,384	(\$465,675)			
16,000	16,660	660	\$10,291	\$3,463	(\$6,828)
581,625	288,928	(292,697)			
30,375	11,964	(18,411)			
<u>5,187,059</u>	<u>4,410,936</u>	<u>(776,123)</u>	<u>10,291</u>	<u>3,463</u>	<u>(6,828)</u>
1,943,346	1,332,374	610,972			
1,140,111	996,143	143,968			
247,210	199,582	47,628			
199,144	192,812	6,332			
126,166	39,230	86,936			
740,255	543,403	196,852			
64,556	58,374	6,182			
5,000	5,000				
3,391,801	41,120	3,350,681			
786,155	362,742	423,413			
1,381,041	1,199,622	181,419			
			380,000	380,000	
			180,631	180,631	
<u>10,024,785</u>	<u>4,970,402</u>	<u>5,054,383</u>	<u>560,631</u>	<u>560,631</u>	
<u>(4,837,726)</u>	<u>(559,466)</u>	<u>4,278,260</u>	<u>(550,340)</u>	<u>(557,168)</u>	<u>(6,828)</u>
	328,375	328,375			
(402,976)	(402,975)	1			
52,941	34,513	(18,428)	554,709	554,709	
(17,500)	(1,950)	15,550			
<u>(367,535)</u>	<u>(42,037)</u>	<u>325,498</u>	<u>554,709</u>	<u>554,709</u>	
(5,205,261)	(601,503)	4,603,758	4,369	(2,459)	(6,828)
1,614,504	1,614,504		2,459	2,459	
<u>(\$3,590,757)</u>	<u>\$1,013,001</u>	<u>\$4,603,758</u>	<u>\$6,828</u>		<u>(\$6,828)</u>

(Continued)

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2000
(Continued)**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes			
Intergovernmental	\$395,000	\$364,609	(\$30,391)
Earnings on Investments	1,133,000	229,028	(903,972)
Tuition and Fees		26,922	26,922
Rentals			
Extracurricular Activities			
Miscellaneous	20,000	20,000	
Total Revenues	<u>1,548,000</u>	<u>640,559</u>	<u>(907,441)</u>
Expenditures:			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Adult/Continuing Education			
Other			
Support Services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance			
Pupil Transportation			
Central			
Extracurricular Activities			
Community Environment			
Capital Outlay	1,290,801	1,158,696	132,105
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>1,290,801</u>	<u>1,158,696</u>	<u>132,105</u>
Excess Revenues Over (Under) Expenditures	<u>257,199</u>	<u>(518,137)</u>	<u>(775,336)</u>
Other Financing Sources and (Uses):			
Proceeds of Sale of Fixed Assets			
Refund of Prior year Expenditures			
Advances In			
Advances (Out)			
Operating Transfers In			
Operating Transfers Out			
Other Financing Uses			
Total Other Financing Sources (Uses)			
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	257,199	(518,137)	(775,336)
Fund Balances, July 1, 1999- Restated	156,125	156,125	
Prior years encumbrances appropriated	741,137	741,137	
Fund Balances, June 30, 2000	<u>\$1,154,461</u>	<u>\$379,125</u>	<u>(\$775,336)</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$32,664,000	\$32,938,326	\$274,326
			21,971,984	21,238,630	(733,354)
			1,759,291	1,203,377	(555,914)
\$2,440	\$3,351	\$911	315,240	480,841	165,601
			85,000		(85,000)
91,600	23,782	(67,818)	673,225	312,710	(360,515)
12,440	14,450	2,010	413,815	253,344	(160,471)
<u>106,480</u>	<u>41,583</u>	<u>(64,897)</u>	<u>57,882,555</u>	<u>56,427,228</u>	<u>(1,455,327)</u>
			25,025,986	24,126,767	899,219
28,023	26,639	1,384	5,307,203	5,029,814	277,389
			2,580,739	2,516,098	64,641
			329,185	303,795	25,390
			560,000	496,455	63,545
			2,673,074	2,509,985	163,089
			2,850,913	2,610,870	240,043
			169,616	123,505	46,111
			3,399,035	3,288,530	110,505
			1,219,331	1,151,287	68,044
			535,044	411,944	123,100
			6,854,443	6,689,019	165,424
			2,516,458	2,436,315	80,143
9,100	8,983	117	4,469,028	949,093	3,519,935
8,850	6,238	2,612	1,327,011	899,963	427,048
			1,381,041	1,199,622	181,419
			1,290,801	1,158,696	132,105
			483,754	483,708	46
			188,594	188,594	
<u>45,973</u>	<u>41,860</u>	<u>4,113</u>	<u>63,161,256</u>	<u>56,574,060</u>	<u>6,587,196</u>
<u>60,507</u>	<u>(277)</u>	<u>(60,784)</u>	<u>(5,278,701)</u>	<u>(146,832)</u>	<u>5,131,869</u>
			10,000	13,252	3,252
			10,000	290,686	280,686
			385,500	713,875	328,375
			(752,976)	(713,875)	39,101
3,520	8,000	4,480	4,073,871	1,051,222	(3,022,649)
(840)		840	(1,125,744)	(1,051,222)	74,522
<u>2,680</u>	<u>8,000</u>	<u>5,320</u>	<u>2,599,811</u>	<u>303,938</u>	<u>(2,295,873)</u>
63,187	7,723	(55,464)	(2,678,890)	157,106	2,835,996
77,129	77,129		8,599,616	8,599,616	
167	167		2,572,758	2,572,758	
<u>\$140,483</u>	<u>\$85,019</u>	<u>(\$55,464)</u>	<u>\$8,493,484</u>	<u>\$11,329,480</u>	<u>\$2,835,996</u>

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Combined Statement of Revenues, Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	
Operating Revenues:			
Tuition	\$1,774		\$1,774
Food Service Sales	1,104,477		1,104,477
Charges for Services	170,902	\$3,282,323	3,453,225
Other Operating Revenues	45,594		45,594
	<u>1,322,747</u>	<u>3,282,323</u>	<u>4,605,070</u>
Total Operating Revenues			
Operating Expenses:			
Salaries	664,046		664,046
Fringe Benefits	304,245	3,244,530	3,548,775
Purchased Services	30,261		30,261
Materials and Supplies	751,996		751,996
Cost of Sales	69,026		69,026
Depreciation	16,433		16,433
	<u>1,836,007</u>	<u>3,244,530</u>	<u>5,080,537</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(513,260)</u>	<u>37,793</u>	<u>(475,467)</u>
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	62,426		62,426
Operating Grants	369,386		369,386
Interest Income	10,899	18,747	29,646
	<u>442,711</u>	<u>18,747</u>	<u>461,458</u>
Total Non-Operating Revenues (Expenses)			
Net Income (Loss)	(70,549)	56,540	(14,009)
Retained Earnings at July 1, 1999	<u>431,035</u>	<u>485,848</u>	<u>916,883</u>
Retained Earnings at June 30, 2000	<u>\$360,486</u>	<u>\$542,388</u>	<u>\$902,874</u>

The accompanying notes are an integral part of the financial statements.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

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

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$1,321,127	\$3,282,323	\$4,603,450
Cash Payments to Employees for Services	(653,271)		(653,271)
Cash Payments for Employee Benefits	(253,731)	(3,246,114)	(3,499,845)
Cash Payments to Suppliers for Goods and Services	(782,485)		(782,485)
Net Cash Provided (Used) by Operating Activities	<u>(368,360)</u>	<u>36,209</u>	<u>(332,151)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	<u>370,772</u>		<u>370,772</u>
Cash Flows from Investing Activities:			
Interest on Investments	<u>10,899</u>	<u>18,747</u>	<u>29,646</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	<u>(20,965)</u>		<u>(20,965)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,654)	54,956	47,302
Cash and Cash Equivalents at Beginning of Year	<u>382,466</u>	<u>485,848</u>	<u>868,314</u>
Cash and Cash Equivalents at End of Year	<u>\$374,812</u>	<u>\$540,804</u>	<u>\$915,616</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(\$513,260)	\$37,793	(\$475,467)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	16,433		16,433
Donated Commodities Received During Year	62,426		62,426
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	131	(1,584)	(1,453)
(Increase)/Decrease in Inventory Held for Resale	3,154		3,154
Increase/(Decrease) in Accounts Payable	(408)		(408)
Increase/(Decrease) in Compensated Absences Payable	58,301		58,301
Increase/(Decrease) in Intergovernmental Payable	1,417		1,417
Increase/(Decrease) in Deferred Revenue	3,446		3,446
Total Adjustments	<u>144,900</u>	<u>(1,584)</u>	<u>143,316</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$368,360)</u>	<u>\$36,209</u>	<u>(\$332,151)</u>

The accompanying notes are an integral part of the financial statements.

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**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000**

NOTE 1- DESCRIPTION OF THE ENTITY

The Washington Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Washington Local School District is a local school district as defined by § 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1999 was 7,167. The District employed 496 certificated employees and 292 non-certificated employees. Local school districts are supervised by the county board of education, a separate entity.

Washington Local School District provides regular vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and nonprogrammed services.

This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organizations' governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner 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 for the organization. The School District has no component units.

Management believes the financial statements included in this report represent all of the funds of Washington Local School District over which Washington Local School District has/have the ability to exercise direct operating control.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

PROPRIETARY FUNDS

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

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds.

ACCOUNT GROUPS

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

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

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

B. Measurement Focus/Basis of Accounting

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

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

The modified accrual basis of accounting is followed for Governmental, Expendable Trust Funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is thirty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2000 operations, have been recorded as

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

deferred revenues. Delinquent property taxes measurable and available (received within 30 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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 time-table. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the district by March 1. As part of this certification, the district receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the district must revise its budget so that the total contemplated expenditures from any

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during the year.

3. Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and 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 year end are reported as reservations of fund balances for subsequent-year expenditures.

5. Lapsing of Appropriations

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

D. Cash and Investments

To improve cash management, all cash received by the school district is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through school district's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2000, investments were limited to repurchase agreements and STAR Ohio. Except for nonparticipating investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

based on quoted market prices. Investment contracts and money market investments that had a maturity of one year or less at the time of purchase is reported at cost or amortized cost.

The school district has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$953,760. Of that amount, \$164,931 was the amount allocated by other funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the school district are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish budget stabilization and textbook reserves. These reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. During the fiscal year, restricted assets totaled \$993,098.

E. Estimates

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

F. Interfund Receivables/Payables

During the course of operations, short term advances occur between individual funds for operating expenditures until receipt of grants or other financing. These receivables and payables are classified as "Interfund Receivable" or "due to other funds" on the balance sheet.

G. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost (first in, first out) or market and consists of expendable supplies for resale. The costs of inventory items are recognized as expenditures in governmental fund types when purchased (the purchase method) and expenses in the proprietary fund types when used (the consumption method).

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

H. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

I. Compensated Absences

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

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

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

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

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

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Fund Equity

Contributed capital is recorded in Proprietary funds that received capital grants or contributions from other funds. Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepaid items, budget stabilization, textbooks, and tax revenue unavailable for appropriation. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

L. Intergovernmental Revenues

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

Entitlements

General Fund
State Foundation Program
State Property Tax Relief

Debt Service Fund
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds
Career Enhancement
Management Information Systems
Ohio READS

WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY

Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)

Title I
Title VI-B
Eisenhower
Goals 2000
Pre-school for the Handicapped
Title IV - Safe/Drug Free

Capital Project Funds
School Net

Reimbursable Grants

General Fund
School Bus Purchases
Driver Education
Vocational Education Travel/Salary

Capital Project Funds
Vocational Education Equipment

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board (GASB) issued Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." The District has presented (Exhibit 5) a statement of cash flows for its Enterprise and Internal Service Funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

O. Financial Reporting for Proprietary Fund Type

The District's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

P. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3- DEPOSITS AND INVESTMENTS

A. Deposits

Statutes require the classification of monies held by the District into three categories:

Active Deposits: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) account, or in money market deposit accounts.

Inactive Deposits: those monies not required for use within the current two year period of designation of depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Deposits: 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.

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

Interim monies to be invested or deposited 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 principle and interest by the United States;
2. Bonds, notes, debentures, or other obligations of securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and the Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchased agreement must exceed the principal value of the

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

agreements by at least two percent and be marked to market to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in section 135.03 of the Revised Code;
6. The State Treasurer's Investment pool;

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 Washington Local 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.

Cash on Hand- At year end, the School district had \$2,050 in un-deposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Equivalents".

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

Deposits- At fiscal year end, the reported amount of the School District's deposits was (\$313,292) and the bank balance was \$310,117. Of the bank balance, \$200,000 was covered by federal depository insurance and \$110,117 was covered by collateral held by the pledging financial institution in the name of the School District.

B. Investments

Washington Local School District's investments are categorized below to give an indication of the level of risk assumed by the Educational Service Center at fiscal year end. Category 1 includes investments that are insured or registered or 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 which 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. The School District's investment in STAR Ohio is unclassified because it is not evidenced by securities that exist in physical or book form.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

	Category 3	Reported Value	Fair Value
Repurchase Agreements	\$435,166	\$435,166	\$435,166
STAR Ohio-Not categorized		14,403,094	14,403,094
Total		<u>\$14,838,260</u>	<u>\$14,838,260</u>

The classification of cash and cash equivalents and investments on the combined financial statements 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 classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$14,527,018	
Cash on Hand	(2,050)	
Investments:		
STAR Ohio	(14,403,094)	\$ 14,403,094
Repurchase Agreement	(435,166)	435,166
GASB Statement No. 3	<u>(\$313,292)</u>	<u>\$14,838,260</u>

NOTE 4- PROPERTY TAXES

Property taxes, include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Real property taxes are collected in and intended to finance the year following the year in which they are levied.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value. Tangible personal property taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 2000 taxes were collected was \$869,138,092 of which real and public utility property represented 79% (\$685,111,050) of the total and tangible personal property represented 21% (\$184,027,042). The full tax rate for all District operations applied to real property for fiscal year ended June 30, 2000 was \$60.70 per \$1,000 of assessed valuation.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$33.15 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$40.10 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of June 30, 2000. Total property tax collections for the next fiscal year are measurable and amounts available at the Lucas County Auditor's Office at June 30th were recognized as revenue June 30 and are intended to finance 2000/2001 operations. Any taxes received after June 30th were not considered to be available to finance 1999/2000 operations and were therefore offset by a credit to deferred revenue.

NOTE 5- BUDGETARY BASIS OF ACCOUNTING

While the school district is reporting financial position, results of operations and changes in fund balance 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 (Non-GAAP Basis) and Actual-All Governmental Fund Types and Expendable Trust funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

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

	General	Special Revenue	Debt Service	Capital Project	Expendable Trusts
Budget Basis	\$1,271,482	(\$601,503)	(\$2,459)	(\$518,137)	\$7,723
Adjustments:					
Revenue Accruals	2,110,516	(205,060)		51,279	(213)
Expenditure Accruals	1,837,229	284,997		800	
Encumbrances	1,467,836	670,159		20,695	4,696
GAAP Basis	<u>\$6,687,063</u>	<u>\$148,593</u>	<u>(\$2,459)</u>	<u>(\$445,363)</u>	<u>\$12,206</u>

The School District has included the reclassification of the School Net fund from the Special Revenue fund type to the Capital Projects fund type in the above schedule.

NOTE 6- PRIOR PERIOD ADJUSTMENT AND FUND RECLASSIFICATION:

General Fixed assets were overstated and have been adjusted as noted below. These adjustments have no effect on prior year income.

General Fixed Assets:	Balance 6/30/99	Adjustments	Balance 7/01/99 (Restated)
Land	\$4,310,286	(\$3,520,733)	\$789,553
Land Improvements	512,311		512,311
Buildings	25,732,447	(6,039,756)	19,692,691
Furniture and Equipment	14,327,755	(7,597,862)	6,729,893
Vehicles	4,179,455	(738,395)	3,441,060
Total General Fixed Assets	<u>\$49,062,254</u>	<u>(\$17,896,746)</u>	<u>\$31,165,508</u>

The District reclassified the School Net fund from a Special Revenue Fund to a Capital Project fund for fiscal year 2000. The resulting changes to the Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses and the Fund Balance are shown below:

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances:	Special Revenue	Capital Projects
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - June 30, 1999	\$106,807	(\$88,587)
Adjustment of School Net Fund	(39,725)	39,725
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - July 1, 1999 (Restated)	<u>\$67,082</u>	<u>(\$48,862)</u>
Fund Balance - June 30, 1999	\$1,409,503	\$855,903
Adjustment of School Net Fund	(55,083)	55,083
Fund Balance - July 1, 1999 (Restated)	<u>\$1,354,420</u>	<u>\$910,986</u>

NOTE 7- RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, interest, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

<u>Receivables</u>	<u>Amount</u>
<u>General Fund:</u>	
Taxes - Current	\$ 35,767,793
Taxes - Delinquent	1,659,030
Accounts Receivable	16,471
Intergovernmental Receivable	6,900
 <u>Special Revenue:</u>	
Accounts Receivable	18,742
Intergovernmental Receivable	688,505
 <u>Capital Projects:</u>	
Taxes - Current	674,961
Taxes - Delinquent	33,858
 <u>Enterprise:</u>	
Accounts Receivable	2,083
 <u>Internal Service:</u>	
Accounts Receivable	1,584
 <u>Agency:</u>	
Accounts Receivable	582

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

NOTE 8- FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance at 7/1/99	Additions	Retirements	Balance at 6/30/00
Land	\$789,553	\$66,849		\$856,402
Land Improvement	512,311			512,311
Buildings	19,692,691	294,582		19,987,273
Furniture/Equipment	6,729,893	1,826,643		8,556,536
Vehicles	3,441,060	151,809		3,592,869
Total General Fixed Assets	<u><u>\$31,165,508</u></u>	<u><u>\$2,339,883</u></u>		<u><u>\$33,505,391</u></u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2000:

	Enterprise Funds
Machinery and Equipment	\$690,141
Less: Accumulated Depreciation	569,643
Net Fixed Assets	<u><u>\$120,498</u></u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	10 years
Vehicles	3-5 years

NOTE 9- CAPITAL LEASES

The school district has entered into a lease agreement as lessee for financing the acquisition of printing and reproduction equipment. The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2000:

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

Fiscal Year Ending June 30	General Long-Term Debt
2001	\$72,363
Total minimum lease payments	72,363
Less: amount representing interest	1,697
Present value of future minimum lease payments	\$70,666

NOTE 10- LONG-TERM OBLIGATIONS

Long-term obligations of the School District as of June 30, 2000 were as follows:

General Long-Term Account Group:	Outstanding 7/01/99	Additions	Deductions	Outstanding 6/30/00
Energy Management Bonds, 5.50%; Matures 06/1/2006	\$2,635,000		(\$320,000)	\$2,315,000
School Energy Conservation, 4.5 to 4.7%; Matures 12/1/2008	700,000		(60,000)	640,000
EPA Assistance Aware Note No Interest; Matures 12/30/2004	105,899		(19,254)	86,645
Compensated Absences	3,069,924		(\$28,584)	3,041,340
Capital Lease	155,120		(84,454)	70,666
Intergovernmental Payable	<u>198,577</u>	<u>\$157,741</u>	<u>(198,577)</u>	<u>157,741</u>
Totals	<u>\$6,864,520</u>	<u>\$157,741</u>	<u>(\$710,869)</u>	<u>\$6,311,392</u>

During Fiscal Year 1985 an interest-free Asbestos School Hazard Abatement Note was issued through the U.S. Environmental Protection Agency in the amount of \$346,575. The semi-annual payments of \$9,627 which commenced in June, 1987 will conclude no later than June 30, 2005. Proceeds from the note was used to remove friable asbestos from school buildings in order to meet federal mandates.

Energy Conservation Improvement Bonds were issued in the amount of \$3,492,000 during fiscal year 1997 for paying costs of installations, modifications and remodeling of school building to conserve energy.

School Energy Conservation Bonds were issued in the amount of \$700,000 during fiscal year 1999 for paying costs of modifications and remodeling of the school building to conserve energy.

The accrued vacation and sick leave benefits recorded above as compensated absences represent the noncurrent portion of the liability. The current portion has been recorded in the appropriate fund types.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

The annual requirements to amortize all bond and note debt outstanding as of June 30, 2000, including interest is as follows:

<u>Fiscal Year Ending June 30</u>	<u>Energy Management Bonds</u>	<u>EPA Assistance Award Note</u>	<u>School Conservation Bonds</u>
2001	\$463,108	\$19,254	\$87,113
2002	464,712	19,254	84,503
2003	465,188	48,137	86,784
2004	464,376		88,848
2005-2008	926,872		342,976
2009-2014			86,913
Total	<u>2,784,256</u>	<u>86,645</u>	<u>777,137</u>
Less: Amount representing interest	<u>(469,256)</u>		<u>(137,137)</u>
Totals	<u>\$2,315,000</u>	<u>\$86,645</u>	<u>\$640,000</u>

NOTE 11- INTERFUND RECEIVABLE/INTERFUND PAYABLE

Interfund balances at June 30, 2000, consist of the following individual fund receivables and payables:

<u>Fund:</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 359,900	
Special Revenue:		
Career Education		\$ 1,830
Miscellaneous State Grants		37,000
Adult Basic Education		23,600
Chapter II		4,160
Title VIB		144,800
Vocational Education		9,910
Title I		81,900
Goals 2000		56,700
Totals	<u>\$ 359,900</u>	<u>\$ 359,900</u>

NOTE 12- SEGMENT INFORMATION - ENTERPRISE FUNDS

The school district maintains two enterprise funds which are intended to be self-supporting through user fees charged for services to the students. Financial segment information as of and for the fiscal year ended June 30, 2000 is presented below:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$ 1,120,182	\$ 202,565	\$ 1,322,747
Operating Expenses	1,651,118	184,889	1,836,007
Depreciation Expense	16,433		16,433

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

Operating Income (Loss)	(530,936)	17,676	(513,260)
Operating Grants	369,386		369,386
Net Income (Loss)	(88,225)	17,676	(70,549)
Fixed Assets Additions	20,965		20,965
Net Working Capital	212,467	148,753	361,220
Total Assets	448,670	148,753	597,423
Total Equity	211,733	148,753	360,486

NOTE 13- COMPENSATED ABSENCES

Sick Leave- Each full time professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth (1¼) days for each calendar month under contract. Sick leave is cumulative to three hundred sixty (360) days.

Service Retirement- Certified Employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on \$65.00 per day times the value of the employee's eligible (360 days maximum) accrued but unused sick leave days. Employees must have five years service and have accumulated at least sixty (60) days sick leave.

Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is fifty percent (50%) of sick leave days accumulated from the sixty-first day through the three hundred sixty (360) days maximum multiplied by ten percent (10%) for each year of service. Employees must have five years service and accumulated sick leave of sixty (60) days sick leave.

Administration employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is forty percent (40%) of sick leave days accumulated from the one hundred twenty first day (121) through the two hundredth day (200) and fifty percent (50%) of sick leave days accumulated from the two hundred first day (201) through the three hundredth (300) day with a \$39,000 maximum payment. Employees must have five years service and accumulated sick leave of sixty (60) days sick leave.

Severance Pay- Non-certified employees are eligible for severance pay after the Board of Education accepts the employee's resignation. Severance pay is based on a percentage (10% for each year of service up to 100%) times their daily rate of accumulated sick leave which cannot exceed 120 days. Employees must have five years service and have accumulated at least sixty (60) days sick leave.

Certified employees are eligible for severance pay after the Board of Education accepts the employee's resignation. Severance pay is based on the employee's accrued but unused sick leave days at time of resignation based on \$32.50 per day times the value of the employee's eligible (300 days maximum) accrued but unused sick leave days. Employees must have five years service and have accumulated at least sixty (60) days sick leave.

Administration employees are eligible for severance pay after the Board of Education accepts the employee's resignation. Severance pay is based on the employee's accrued but unused sick leave days at time of resignation based on twenty-five percent of the daily rate times the accumulated sick leave times a percentage (10% for each year of service up to 100%). Employees must have five years service and have accumulated at least sixty (60) days sick leave.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

NOTE 14- PENSION AND RETIREMENT PLANS

The employees of the Washington Local School District are covered by either the School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System of Ohio (STRS). The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-363 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. 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 contributions to SERS for the years ending June 30, 2000, 1999, and 1998, were \$997,126, \$925,398, and \$878,900, respectively; 69.73 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 \$258,271 is recorded as a liability within respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a public available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio, 43215-3771 or by calling (614)-227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 12 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions to STRS for the years ending June 30, 2000, 1999, and 1998 were \$3,370,933, \$3,290,393, and \$3,151,271, respectively; 86.72 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 \$437,655 is recorded as a liability within respective funds and the general long-term obligations account group.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

NOTE 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 non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board and SERS' Retirement Board have discretionary authority over how much, if any, of the health care costs will be absorbed by STRS and SERS Ohio.

For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999. The Health Care Reserve allocation for the year June 30, 1999, was 2.0% of covered payroll. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the School District, the amount contributed for post-employment benefits equaled \$1,926,247 during the 2000 fiscal year.

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 ending June 30, 1999, employer contributions to fund health care benefits were 6.3% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay had been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% 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, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000. For the School District, the amount contributed for post-employment benefits equaled \$544,568 during the 2000 fiscal year.

NOTE 16- 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. The school district contracts with Brooks Insurance Agency for general liability insurance with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate. Property is protected by a blanket building and contents policy for \$109,024,061. There is a property care, custody and control limit of \$50,000 and a \$1,000 deductible for each claim or suit. Real property and contents are 90%coinsured.

Vehicle policies include liability coverage for bodily injury and property damage up to \$1,000,000 for each occurrence with a deductible of \$100 for comprehensive and \$200 for collision. The school district also has a Pollution Control Policy up to \$1,000,000 with a \$1,000 deductible.

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

Settled claims have not exceeded the commercial coverages in the past three years..

NOTE 17- CONTINGENT LIABILITIES

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

NOTE 18- SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$13,216,381 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision rendered February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warranting further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program. The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NOTE 19- STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to General-Purpose Financial Statements
For the Year Ended June 30, 2000
(Continued)**

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance 7/1/99			\$434,400	\$434,400
Required Set-Aside	\$1,359,731	\$1,359,731	454,000	3,173,462
Offset Credits				
Qualifying				
Expenditures	<u>(1,255,033)</u>	<u>(1,359,731)</u>		<u>(2,614,764)</u>
Balance 6/30/00	<u>\$104,698</u>	<u> </u>	<u>\$888,400</u>	<u>\$993,098</u>

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**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Schedule of Federal Awards Expenditures
For the Period Ended June 30, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Food Distribution Program	-	10.550
School Breakfast Program	-	10.553
National School Lunch Program	-	10.555
Total U.S. Department of Agriculture - Child Nutrition Cluster		
UNITED STATES DEPARTMENT OF HEALTH		
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>		
<i>Passed through Lucas County Department of Mental Retardation and Developmental Disabilities</i>		
Community Alternative Funding Program	-	93.778
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed through Ohio Department of Education:</i>		
Title 1- Grants to Local Educational Agencies	C1-S1-99 C1-S1-00	84.010
Total Title 1		
Title VI-B - Special Education Grants to States for Education of Handicapped Children	6B-SF-99 6B-SF-00	84.027
Total Title VI-B		
Vocational Education- Basic Grants to States	20-C1-99 20-C1-00	84.048
Total Vocational Education		
Safe and Drug Free Schools and Communities- State Grant	DR-S1-99	84.186
Eisenhower Professional Development State Grant	MS-S1-00	84.281
Innovative Education Program Strategies	C2-S1-99 C2-S1-00	84.298
Total Innovative Education Program Strategies		
Class Size Reduction- Title VI-R	CR-S1-00	84.340
Adult Education State Grant Program	AB-S1-99 AB-S1-00	84.002
Total Adult Education State Grant Program		
Goals 2000- Subsidy 3	G2-S2-99	84.276
Total U.S. Department of Education		

Total Federal Assistance

The accompanying notes are an integral part of this schedule.

<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
	\$80,732		\$81,698
\$44,439		\$44,439	
300,234		300,234	
<u>344,673</u>	<u>80,732</u>	<u>344,673</u>	<u>81,698</u>
150,162		150,162	
161,572		161,572	
244,058		244,058	
<u>405,630</u>		<u>405,630</u>	
240,380		240,380	
124,623		124,623	
<u>365,003</u>		<u>365,003</u>	
9,656		34,844	
59,854		25,819	
<u>69,510</u>		<u>60,663</u>	
9,290			
25,758		20,304	
37,995		37,995	
16,882		16,882	
<u>54,877</u>		<u>54,877</u>	
35,462		35,462	
46,088		46,088	
30,000		30,000	
<u>76,088</u>		<u>76,088</u>	
		30,436	
<u>1,041,618</u>		<u>1,048,463</u>	
<u>\$1,536,453</u>	<u>\$80,732</u>	<u>\$1,543,298</u>	<u>\$81,698</u>

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**Notes to the Schedule of Federal Awards Expenditures
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

Non-monetary 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. At June 30, 2000, the District had \$6,368 in food commodities inventory.

NOTE C - MATCHING REQUIREMENTS

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



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

Washington Local School District
Lucas County
3505 West Lincolnshire Boulevard
Toledo, Ohio 43606-1299

To the Board of Education:

We have audited the financial statements of Washington Local School District, Lucas County, (the School District) as of and for the year ended June 30, 2000, and have issued our report thereon dated February 27, 2001, in which we noted that the School District had reclassified certain funds. 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 School 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 a certain immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated February 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School 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 School District in a separate letter dated February 27, 2001.

Washington Local School District
Lucas 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, 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 27, 2001



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**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**

Washington Local School District
Lucas County
3505 West Lincolnshire Boulevard
Toledo, Ohio 43606-1299

To the Board of Education:

Compliance

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

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *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 School 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 School District's compliance with those requirements.

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

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School 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.

Washington Local School District
Lucas County
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
Page 2

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

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

Jim Petro
Auditor of State

February 27, 2001

**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I - Grants to Local Educational Agencies CFDA #84.010 Title VIB - Special Education Grants to States CFDA #84.027 Title XIX - Community Alternative Funding Program CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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**WASHINGTON LOCAL SCHOOL DISTRICT
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-10148-001	Recommendation to update fixed asset listing.	Yes	N/A
1999-10148-002	Budgetary recommendation-the School District did not update estimated resources.	Yes	N/A



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WASHINGTON LOCAL SCHOOL DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2001**