

***ANTHONY WAYNE LOCAL SCHOOL DISTRICT***

***LUCAS COUNTY***

**Audit Report**

**For the Year Ended June 30, 2011**

***CHARLES E. HARRIS & ASSOCIATES, INC.***  
Certified Public Accountants and Government Consultants





# Dave Yost • Auditor of State

Board of Education  
Anthony Wayne Local School District  
9565 Bucher Road  
Whitehouse, Ohio 43571

We have reviewed the *Report of Independent Accountants* of the Anthony Wayne Local School District, Lucas County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 8, 2012

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ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
AUDIT REPORT  
For the Year Ending June 30, 2011

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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REPORT OF INDEPENDENT ACCOUNTANTS

Anthony Wayne Local School District  
Lucas County  
9565 Bucher Road  
P.O. Box 2487  
Whitehouse, Ohio 43571

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Wayne Local School District, Lucas County, Ohio, (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Wayne Local School District, Lucas County, Ohio, as of June 30, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the District implemented Governmental Accounting Standard Board Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the Anthony Wayne Local School District, Lucas County, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Anthony Wayne Local School District's financial statements as a whole. The accompanying schedule of federal awards expenditures is presented for purpose 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 financial statements. The schedule of federal awards expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Charles E. Harris & Associates, Inc.**

December 5, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The management's discussion and analysis of the Anthony Wayne Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets of governmental activities increased \$3,137,629 from a restated balance of \$1,281,769 to \$4,419,398.
- General revenues accounted for \$37,897,621 in revenue or 87.80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,264,893 or 12.20% of all revenues. The District had total revenues of \$43,162,514.
- The District had \$40,024,885 in expenses related to governmental activities; only \$5,264,893 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$37,897,621 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and permanent improvement fund. The general fund had \$34,269,611 in revenues and other financing sources and \$32,704,405 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance increased \$1,573,316 from a restated balance of \$3,592,359 to \$5,165,675.
- The permanent improvement fund had \$2,052,706 in revenues and \$2,153,558 in expenditures and other financing uses. During fiscal year 2011, the permanent improvement fund's fund balance decreased \$100,852 from \$2,471,023 to \$2,370,171.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

On the statement of net assets and in the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 14-15 of this report.

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

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and permanent improvement fund.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported on the statement of net assets and in the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-20 of this report.

*Reporting the District's Fiduciary Responsibilities*

The District acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and statement of changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-53 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2011 and 2010. Net assets for 2010 have been restated as described in Note 3.A.

	<b>Net Assets</b>	
	Governmental Activities <u>2011</u>	Restated Governmental Activities <u>2010</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 39,009,839	\$ 35,683,057
Capital assets, net	<u>18,963,486</u>	<u>19,186,490</u>
Total assets	<u>57,973,325</u>	<u>54,869,547</u>
<b><u>Liabilities</u></b>		
Current liabilities	28,591,797	27,404,005
Long-term liabilities	<u>24,962,130</u>	<u>26,183,773</u>
Total liabilities	<u>53,553,927</u>	<u>53,587,778</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	(1,069,172)	(2,011,152)
Restricted	4,035,253	4,094,660
Unrestricted (deficit)	<u>1,453,317</u>	<u>(801,739)</u>
Total net assets	<u>\$ 4,419,398</u>	<u>\$ 1,281,769</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$4,419,398. At year-end, restricted net assets were \$4,035,253.

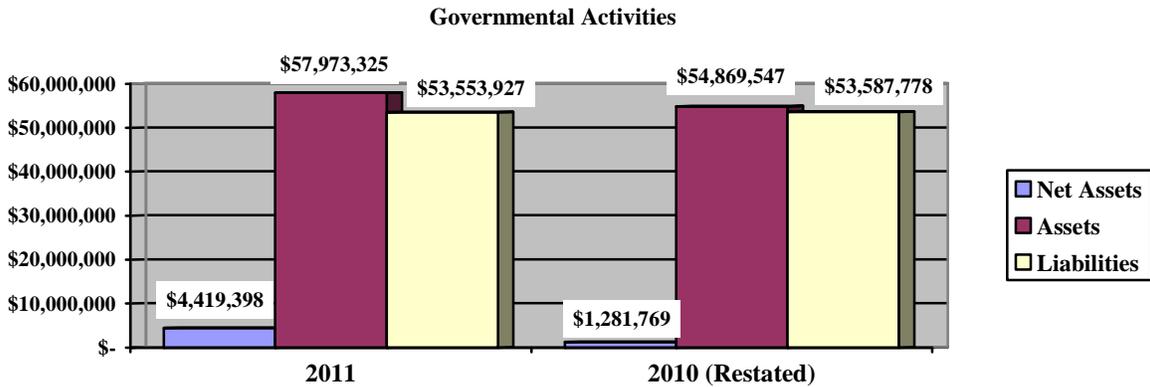
At year-end, capital assets represented 32.71% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets, at June 30, 2011 was a deficit of \$1,069,172. Capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

A portion of the District's net assets, \$4,035,253, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$1,453,317.

The chart below shows the District's governmental activities assets, liabilities and net assets at June 30, 2011 and 2010:



The table below shows the change in net assets for fiscal year 2011 and 2010.

**Change in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,085,910	\$ 2,097,118
Operating grants and contributions	3,178,983	2,597,853
General revenues:		
Property taxes	24,202,946	22,696,777
Payments in lieu of taxes	1,310,996	746,781
Grants and entitlements	12,249,341	12,423,870
Investment earnings	32,782	43,457
Other	101,556	74,054
<b>Total revenues</b>	<b>43,162,514</b>	<b>40,679,910</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Change in Net Assets (Continued)**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 18,971,325	\$ 18,363,045
Special	3,130,794	3,026,429
Vocational	8,696	9,620
Support services:		
Pupil	1,764,319	1,710,235
Instructional staff	911,144	942,756
Board of education	795,091	806,612
Administration	2,999,747	2,917,083
Fiscal	879,579	874,858
Business	18,514	21,300
Operations and maintenance	4,005,578	4,263,705
Pupil transportation	2,606,019	2,586,799
Central	75,231	62,221
Operations of non-instructional services:		
Food service operations	1,114,819	1,108,773
Other non-instructional services	234,635	218,669
Extracurricular activities	1,094,862	1,051,183
Interest and fiscal charges	<u>1,414,532</u>	<u>1,563,201</u>
Total expenses	<u>40,024,885</u>	<u>39,526,489</u>
Change in net assets	3,137,629	1,153,421
Net assets at beginning of year (restated)	<u>1,281,769</u>	<u>128,348</u>
Net assets at end of year	<u>\$ 4,419,398</u>	<u>\$ 1,281,769</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$3,137,629. Total governmental expenses of \$40,024,885 were offset by program revenues of \$5,264,893 and general revenues of \$37,897,621. Program revenues supported 13.15% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, payments in lieu of taxes and unrestricted grants and entitlements. These revenue sources represent 87.49% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$22,110,815 or 55.24% of total governmental expenses for fiscal year 2011.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

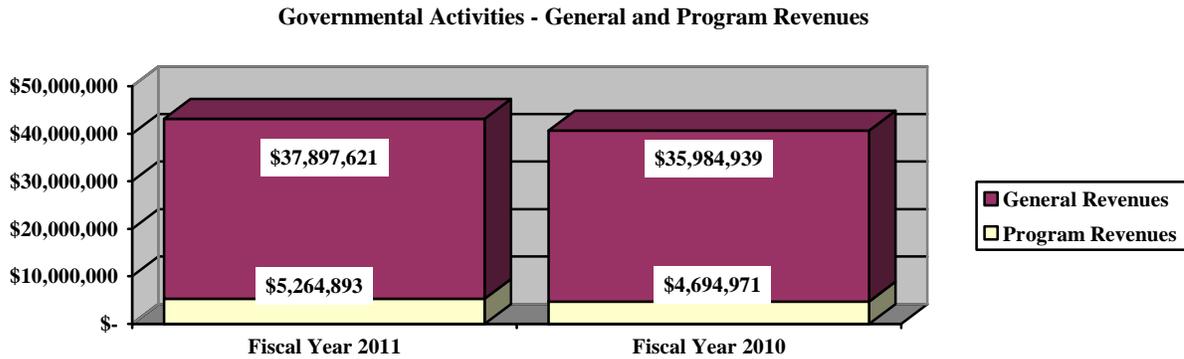
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
<b>Program expenses</b>				
Instruction:				
Regular	\$ 18,971,325	\$ 17,403,851	\$ 18,363,045	\$ 17,200,822
Special	3,130,794	2,267,415	3,026,429	2,281,604
Vocational	8,696	2,359	9,620	3,330
Support services:				
Pupil	1,764,319	1,321,699	1,710,235	1,313,329
Instructional staff	911,144	730,618	942,756	743,033
Board of education	795,091	795,091	806,612	806,612
Administration	2,999,747	2,842,404	2,917,083	2,707,785
Fiscal	879,579	879,579	874,858	874,858
Business	18,514	18,514	21,300	21,300
Operations and maintenance	4,005,578	3,991,347	4,263,705	4,216,029
Pupil transportation	2,606,019	2,429,875	2,586,799	2,427,683
Central	75,231	34,948	62,221	22,234
Operations of non-instructional services:				
Food service operations	1,114,819	24,399	1,108,773	10,633
Other non-instructional services	234,635	1,468	218,669	5,939
Extracurricular activities	1,094,862	601,893	1,051,183	633,126
Interest and fiscal charges	<u>1,414,532</u>	<u>1,414,532</u>	<u>1,563,201</u>	<u>1,563,201</u>
<b>Total expenses</b>	<u>\$ 40,024,885</u>	<u>\$ 34,759,992</u>	<u>\$ 39,526,489</u>	<u>\$ 34,831,518</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 88.98% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.85%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2011 and 2010.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$8,996,265, which is higher than last year's total of \$7,265,146. Fund balances at June 30, 2010 have been restated as described in Note 3.C. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance <u>June 30, 2011</u>	(Restated) Fund Balance <u>June 30, 2010</u>	Increase <u>(Decrease)</u>
General	\$ 5,165,675	\$ 3,592,359	\$ 1,573,316
Permanent improvement	2,370,171	2,471,023	(100,852)
Other governmental	<u>1,460,419</u>	<u>1,201,764</u>	<u>258,655</u>
Total	<u>\$ 8,996,265</u>	<u>\$ 7,265,146</u>	<u>\$ 1,731,119</u>

**General Fund**

The District's general fund reported a fund balance of \$5,165,675 at June 30, 2011. Revenues exceeded expenditures as the general fund balance increased for the fourth consecutive year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011	(Restated) 2010	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 20,331,054	\$ 19,668,997	3.37 %
Payments in lieu of taxes	1,101,236	627,296	75.55 %
Tuition	396,436	415,644	(4.62) %
Earnings on investments	32,782	43,457	(24.56) %
Intergovernmental	11,836,157	12,408,792	(4.61) %
Other revenues	<u>552,259</u>	<u>689,393</u>	(19.89) %
Total	<u>\$ 34,249,924</u>	<u>\$ 33,853,579</u>	1.17 %
<b><u>Expenditures</u></b>			
Instruction	\$ 19,589,096	\$ 19,053,092	2.81 %
Support services	12,468,277	12,357,872	0.89 %
Operation of non-instructional services	1,125	1,000	12.50 %
Extracurricular activities	<u>640,392</u>	<u>629,582</u>	1.72 %
Total	<u>\$ 32,698,890</u>	<u>\$ 32,041,546</u>	2.05 %

Overall, both revenues and expenditures increased slightly compared to the prior year. Taxes revenue, the largest source of revenue for the general fund, increased 3.37%. Payments in lieu of taxes is revenue received from the District's Tax Increment Financing agreement at Fallen Timbers mall. Intergovernmental revenues decreased 4.61% as the District received less allocated funding from the State. Other revenues consist primarily of classroom fees and income from various services provided to other districts.

***Permanent Improvement Fund***

The permanent improvement fund had \$2,052,706 in revenues and \$2,153,558 in expenditures and other financing uses, resulting in a \$100,852 decrease in fund balance.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2011, the District amended its general fund budget numerous times. For the general fund, actual revenues and other financing sources were \$34,364,562, which was \$1,884,208 higher than the final and original budget estimates. Most of the variance is due to higher than anticipated taxes revenue.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$33,359,983 were increased to \$34,358,432 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$33,104,524, which was \$1,253,908 lower than the final budget appropriations. The District's use of conservative budgeting policies is evidenced by the positive variances between the final budget and actual figures.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2011, the District had \$18,963,486 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The table below shows fiscal year 2011 balances compared to 2010. The District restated 2010 capital asset balances as described in Note 3.A.

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2011	Restated 2010
Land	\$ 1,608,844	\$ 1,608,844
Construction in progress	281,489	67,225
Land improvements	161,251	176,829
Building and improvements	15,288,634	15,663,281
Furniture and equipment	589,534	614,583
Vehicles	1,033,734	1,055,728
<b>Total</b>	<b>\$ 18,963,486</b>	<b>\$ 19,186,490</b>

Total additions to capital assets for 2011 were \$687,992 and disposals, net of accumulated depreciation, totaled \$3,039. The District recorded \$907,957 in depreciation expense for fiscal year 2011.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2011, the District had \$22,892,046 in general obligation bonds outstanding. Of this total, \$1,121,652 is due within one year and \$21,770,394 is due in greater than one year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The following table summarizes the debt outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
General obligation bonds:		
Term	\$ -	\$ 5,285,000
Capital appreciation	892,929	921,531
Accreted interest	3,249,117	3,288,400
Refunding	<u>18,750,000</u>	<u>14,175,000</u>
Total general obligation bonds	<u>22,892,046</u>	<u>23,669,931</u>
Other debt:		
Notes	<u>-</u>	<u>700,000</u>
Total debt obligations	<u>\$ 22,892,046</u>	<u>\$ 24,369,931</u>

At June 30, 2011, the District's overall legal debt margin was \$59,889,474 and the unvoted debt margin was \$872,615. See Note 9 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities.

The District was removed from fiscal caution by the Ohio Department of Education in December 2009, after being placed in fiscal caution in March 2007. The District accomplished this (removal) by taking advantage of attrition and reducing staff where possible and strong fiscal management. The Board of Education and administration will continue to closely monitor its revenues and expenditures in accordance with its financial forecast and the Ohio Department of Education's Financial Analysis. Overall, the District continues to perform at the highest level determined by the State of Ohio, which is measured by a defined set of proficiency criteria. The District's most recent state report card shows the District's students achieving 26 out of 26 with an "Excellent" rating, the ninth straight year.

As the preceding information shows, the District heavily depends on its property taxpayers. At present, the local taxpayers support represents approximately 58% of the total revenues of the District. The local communities' support was last measured in August 2008 when the community renewed a \$3 million, 3.3 mill emergency operating levy. The support of this issue demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their communities.

The District communicates to its residents through a newsletter that is published and posted on the District website roughly 7 times per year. They work to keep the taxpayers informed as they rely upon their support for the major part of its operations, and will continue to work diligently to plan expenses, staying carefully within the District's five-year financial plan. State law generally retards the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth normally forces the District to come back to the voters from time to time and ask for additional financial support.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The District has experienced growth; the student population has grown over 700 students since 2003. It has tapered off with the slowing of new home developments, due to the economic times in general, but the District continues to see a net increase in student growth each year with no additional State aid. The District has also seen rapid growth in their assessed property valuation. The District's assessed valuation has increased \$225,501,428 since 2003. This increase is a result of the triennial updates of property values in the District, continued growth of new construction, primarily in the area of new homes, and Lucas County's re-valuation of property values. For the first time in years, 2009's triennial update reflected a 'sign of the times' resulting in an 11% decrease in District valuation. The valuation went from \$965,854,084 in 2009 to \$845,904,285 in 2010 as a result of this reduction, but then increased to \$872,615,450 in 2011, showing positive growth in the community.

All of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the students' desired needs over the next several years.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Kerri L. Johnson, Treasurer, Anthony Wayne Local School District, 9565 Bucher Rd., P.O. Box 2487, Whitehouse, Ohio 43571.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 12,469,725
Receivables:	
Taxes . . . . .	25,017,812
Payments in lieu of taxes. . . . .	784,543
Intergovernmental . . . . .	408,930
Prepayments . . . . .	34,610
Materials and supplies inventory. . . . .	79,034
Unamortized bond issuance costs . . . . .	215,185
Capital assets:	
Land and construction in progress. . . . .	1,890,333
Depreciable capital assets, net. . . . .	17,073,153
Capital assets, net . . . . .	<u>18,963,486</u>
 Total assets. . . . .	 <u>57,973,325</u>
 <b>Liabilities:</b>	
Accounts payable. . . . .	143,144
Accrued wages and benefits . . . . .	3,615,115
Pension obligation payable . . . . .	884,619
Intergovernmental payable . . . . .	223,551
Unearned revenue . . . . .	23,662,113
Accrued interest payable . . . . .	63,255
Long-term liabilities:	
Due within one year . . . . .	1,514,923
Due in more than one year . . . . .	23,447,207
 Total liabilities . . . . .	 <u>53,553,927</u>
 <b>Net assets:</b>	
Invested in capital assets, net of related debt. . . . .	(1,069,172)
Restricted for:	
Capital projects . . . . .	2,444,022
Debt service. . . . .	1,017,677
State funded programs. . . . .	10,115
Federally funded programs . . . . .	111,614
Student activities . . . . .	274,228
Other purposes . . . . .	177,597
Unrestricted. . . . .	<u>1,453,317</u>
 Total net assets . . . . .	 <u>\$ 4,419,398</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services and Sales</u>	<u>and Contributions</u>	<u>Changes in</u>
				<u>Net Assets</u>
<b>Governmental activities:</b>				<b>Governmental</b>
				<b>Activities</b>
Instruction:				
Regular . . . . .	\$ 18,971,325	\$ 498,339	\$ 1,069,135	\$ (17,403,851)
Special . . . . .	3,130,794	113,882	749,497	(2,267,415)
Vocational . . . . .	8,696	-	6,337	(2,359)
Support services:				
Pupil . . . . .	1,764,319	11,276	431,344	(1,321,699)
Instructional staff . . . . .	911,144	-	180,526	(730,618)
Board of education . . . . .	795,091	-	-	(795,091)
Administration . . . . .	2,999,747	38,305	119,038	(2,842,404)
Fiscal . . . . .	879,579	-	-	(879,579)
Business . . . . .	18,514	-	-	(18,514)
Operations and maintenance . . . . .	4,005,578	14,231	-	(3,991,347)
Pupil transportation . . . . .	2,606,019	119,480	56,664	(2,429,875)
Central . . . . .	75,231	-	40,283	(34,948)
Operation of non-instructional services:				
Food service operations . . . . .	1,114,819	805,176	285,244	(24,399)
Other non-instructional services . . . . .	234,635	-	233,167	(1,468)
Extracurricular activities . . . . .	1,094,862	485,221	7,748	(601,893)
Interest and fiscal charges . . . . .	1,414,532	-	-	(1,414,532)
<b>Totals . . . . .</b>	<b>\$ 40,024,885</b>	<b>\$ 2,085,910</b>	<b>\$ 3,178,983</b>	<b>(34,759,992)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	20,627,804
Debt service . . . . .	1,900,165
Capital outlay . . . . .	1,674,977
Payments in lieu of taxes . . . . .	1,310,996
Grants and entitlements not restricted to specific programs . . . . .	12,249,341
Investment earnings . . . . .	32,782
Miscellaneous . . . . .	101,556
<b>Total general revenues . . . . .</b>	<b>37,897,621</b>
Change in net assets . . . . .	3,137,629
<b>Net assets at beginning of year (restated) . . . . .</b>	<b>1,281,769</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 4,419,398</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 8,235,433	\$ 2,341,205	\$ 1,858,389	\$ 12,435,027
Receivables:				
Taxes . . . . .	21,256,355	1,757,392	2,004,065	25,017,812
Payments in lieu of taxes . . . . .	659,016	54,918	70,609	784,543
Intergovernmental. . . . .	-	-	408,930	408,930
Interfund loans . . . . .	408,928	-	-	408,928
Prepayments. . . . .	34,610	-	-	34,610
Materials and supplies inventory . . . . .	70,304	-	8,730	79,034
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	34,698	-	-	34,698
Total assets . . . . .	<u>\$ 30,699,344</u>	<u>\$ 4,153,515</u>	<u>\$ 4,350,723</u>	<u>\$ 39,203,582</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 97,840	\$ 42,682	\$ 2,622	\$ 143,144
Accrued wages and benefits. . . . .	3,333,253	-	281,862	3,615,115
Compensated absences payable . . . . .	30,006	-	-	30,006
Pension obligation payable . . . . .	806,484	-	78,135	884,619
Intergovernmental payable . . . . .	211,343	-	12,208	223,551
Interfund loans payable . . . . .	-	-	408,928	408,928
Deferred revenue . . . . .	968,777	73,851	197,213	1,239,841
Unearned revenue. . . . .	<u>20,085,966</u>	<u>1,666,811</u>	<u>1,909,336</u>	<u>23,662,113</u>
Total liabilities . . . . .	<u>25,533,669</u>	<u>1,783,344</u>	<u>2,890,304</u>	<u>30,207,317</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	70,304	-	8,730	79,034
Prepays . . . . .	34,610	-	-	34,610
Restricted:				
Debt service . . . . .	-	-	997,012	997,012
Food service operations . . . . .	-	-	172,013	172,013
Extracurricular. . . . .	-	-	274,228	274,228
BWC refunds . . . . .	34,698	-	-	34,698
Other purposes. . . . .	-	-	57,009	57,009
Committed:				
Capital improvements . . . . .	-	2,370,171	-	2,370,171
Assigned:				
Student instruction . . . . .	131,475	-	-	131,475
Student and staff support. . . . .	343,853	-	-	343,853
Extracurricular activities . . . . .	350	-	-	350
School supplies . . . . .	81,154	-	-	81,154
Adult education . . . . .	1,497	-	-	1,497
Other purposes. . . . .	161,674	-	-	161,674
Unassigned (deficit) . . . . .	<u>4,306,060</u>	<u>-</u>	<u>(48,573)</u>	<u>4,257,487</u>
Total fund balances. . . . .	<u>5,165,675</u>	<u>2,370,171</u>	<u>1,460,419</u>	<u>8,996,265</u>
Total liabilities and fund balances . . . . .	<u>\$ 30,699,344</u>	<u>\$ 4,153,515</u>	<u>\$ 4,350,723</u>	<u>\$ 39,203,582</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011

<b>Total governmental fund balances</b>		\$	8,996,265
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			18,963,486
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	1,126,548	
Intergovernmental receivable		113,293	
Total		1,239,841	1,239,841
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(63,255)
Unamortized premiums on bond issuance are not recognized in the funds.			(831,392)
Unamortized bond issuance costs are not recognized in the funds.			215,185
Unamortized amounts on refundings are not recognized in the funds.			441,663
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,650,349)	
General obligation bonds payable		(22,892,046)	
Total		(24,542,395)	(24,542,395)
<b>Net assets of governmental activities</b>		\$	4,419,398

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 20,331,054	\$ 1,657,271	\$ 1,880,045	\$ 23,868,370
Payments in lieu of taxes . . . . .	1,101,236	91,770	117,990	1,310,996
Tuition . . . . .	396,436	-	-	396,436
Charges for services . . . . .	-	-	805,176	805,176
Earnings on investments . . . . .	32,782	-	870	33,652
Extracurricular . . . . .	112,559	-	410,967	523,526
Classroom materials and fees . . . . .	227,061	-	-	227,061
Other local revenues . . . . .	212,639	2,941	7,748	223,328
Intergovernmental - state . . . . .	11,836,157	300,724	523,760	12,660,641
Intergovernmental - federal . . . . .	-	-	2,685,672	2,685,672
Total revenues . . . . .	<u>34,249,924</u>	<u>2,052,706</u>	<u>6,432,228</u>	<u>42,734,858</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	17,083,522	365,868	993,249	18,442,639
Special . . . . .	2,502,227	-	640,702	3,142,929
Vocational . . . . .	3,347	-	-	3,347
Support services:				
Pupil . . . . .	1,337,390	-	427,277	1,764,667
Instructional staff . . . . .	725,313	-	183,139	908,452
Board of education . . . . .	795,091	-	-	795,091
Administration . . . . .	2,864,419	-	117,916	2,982,335
Fiscal . . . . .	819,460	25,815	30,510	875,785
Business . . . . .	-	49,155	-	49,155
Operations and maintenance . . . . .	3,514,693	424,131	-	3,938,824
Pupil transportation . . . . .	2,389,360	159,200	-	2,548,560
Central . . . . .	22,551	-	50,172	72,723
Operation of non-instructional services:				
Food service operations . . . . .	-	-	1,086,585	1,086,585
Other non-instructional services . . . . .	1,125	-	233,510	234,635
Extracurricular activities . . . . .	640,392	-	387,701	1,028,093
Facilities acquisition and construction . . . . .	-	429,389	-	429,389
Debt service:				
Principal retirement . . . . .	-	-	1,263,598	1,263,598
Interest and fiscal charges . . . . .	-	-	1,469,461	1,469,461
Bond issuance costs . . . . .	-	-	106,787	106,787
Total expenditures . . . . .	<u>32,698,890</u>	<u>1,453,558</u>	<u>6,990,607</u>	<u>41,143,055</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,551,034</u>	<u>599,148</u>	<u>(558,379)</u>	<u>1,591,803</u>
<b>Other financing sources (uses):</b>				
Sale of bonds . . . . .	-	-	4,844,996	4,844,996
Premium on sale of bonds . . . . .	-	-	346,627	346,627
Sale of assets . . . . .	19,687	-	-	19,687
Transfers in . . . . .	-	-	705,515	705,515
Transfers (out) . . . . .	(5,515)	(700,000)	-	(705,515)
Payment to refunding bond escrow agent . . . . .	-	-	(5,081,927)	(5,081,927)
Total other financing sources (uses) . . . . .	<u>14,172</u>	<u>(700,000)</u>	<u>815,211</u>	<u>129,383</u>
Net change in fund balances . . . . .	1,565,206	(100,852)	256,832	1,721,186
<b>Fund balances at beginning of year (restated).</b>	3,592,359	2,471,023	1,201,764	7,265,146
<b>Increase in reserve for inventory . . . . .</b>	8,110	-	1,823	9,933
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,165,675</u>	<u>\$ 2,370,171</u>	<u>\$ 1,460,419</u>	<u>\$ 8,996,265</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Net change in fund balances - total governmental funds** \$ 1,721,186

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$ 687,992	
Current year depreciation	(907,957)	
<b>Total</b>		<b>(219,965)</b>

Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (3,039)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. 9,933

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	334,576	
Intergovernmental revenue	73,393	
<b>Total</b>		<b>407,969</b>

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 1,263,598

The sale of bonds is recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets. (4,844,996)

Payment to refunding bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets. 5,081,927

Premiums on the sale of bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:

Premiums on bonds	(346,627)	
Bond issuance costs	106,787	
<b>Total</b>		<b>(239,840)</b>

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. Less interest is reported in the statement of activities due to the following:

Decrease in accrued interest payable	12,274	
Payment of accreted interest on capital appreciation bonds	636,402	
Accreted interest on capital appreciation bonds	(597,119)	
Amortization of bond issuance costs	(7,710)	
Amortization of bond premiums	31,873	
Amortization of deferred charges on refundings	(20,791)	
<b>Total</b>		<b>54,929</b>

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (94,073)

**Change in net assets of governmental activities** \$ 3,137,629

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 19,273,764	\$ 19,273,764	\$ 20,437,610	\$ 1,163,846
Payments in lieu of taxes. . . . .	1,101,236	1,101,236	1,101,236	-
Tuition . . . . .	390,000	390,000	396,436	6,436
Earnings on investments . . . . .	40,000	40,000	32,782	(7,218)
Classroom materials and fees . . . . .	-	-	8,891	8,891
Other local revenues . . . . .	162,500	162,500	188,141	25,641
Intergovernmental - state . . . . .	11,512,854	11,512,854	11,836,157	323,303
Total revenues. . . . .	<u>32,480,354</u>	<u>32,480,354</u>	<u>34,001,253</u>	<u>1,520,899</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	17,780,726	17,374,047	16,824,890	549,157
Special. . . . .	2,320,733	2,727,207	2,577,025	150,182
Vocational. . . . .	-	3,367	3,336	31
Support services:				
Pupil. . . . .	1,305,497	1,365,014	1,328,627	36,387
Instructional staff . . . . .	849,620	773,027	735,977	37,050
Board of education . . . . .	915,014	827,704	806,313	21,391
Administration. . . . .	2,757,201	2,992,730	2,922,529	70,201
Fiscal . . . . .	835,308	847,197	832,023	15,174
Operations and maintenance. . . . .	3,726,910	3,946,799	3,656,788	290,011
Pupil transportation . . . . .	2,246,844	2,472,247	2,435,469	36,778
Central. . . . .	21,509	23,238	22,381	857
Extracurricular activities. . . . .	600,621	591,412	544,723	46,689
Total expenditures . . . . .	<u>33,359,983</u>	<u>33,943,989</u>	<u>32,690,081</u>	<u>1,253,908</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(879,629)</u>	<u>(1,463,635)</u>	<u>1,311,172</u>	<u>2,774,807</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	1,148	1,148
Transfers (out). . . . .	-	(5,515)	(5,515)	-
Advances in. . . . .	-	-	342,474	342,474
Advances (out) . . . . .	-	(408,928)	(408,928)	-
Sale of assets . . . . .	-	-	19,687	19,687
Total other financing sources (uses) . . . . .	<u>-</u>	<u>(414,443)</u>	<u>(51,134)</u>	<u>363,309</u>
Net change in fund balance . . . . .	(879,629)	(1,878,078)	1,260,038	3,138,116
<b>Fund balance at beginning of year. . . . .</b>	5,645,469	5,645,469	5,645,469	-
<b>Prior year encumbrances appropriated . . . . .</b>	474,167	474,167	474,167	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 5,240,007</u>	<u>\$ 4,241,558</u>	<u>\$ 7,379,674</u>	<u>\$ 3,138,116</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 40,018	\$ 163,464
Total assets. . . . .	<u>40,018</u>	<u>\$ 163,464</u>
<b>Liabilities:</b>		
Accounts payable . . . . .	-	\$ 740
Due to students. . . . .	-	<u>162,724</u>
Total liabilities . . . . .	<u>-</u>	<u>\$ 163,464</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>40,018</u>	
Total net assets . . . . .	<u>\$ 40,018</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 1,000
Total additions . . . . .	1,000
<b>Deductions:</b>	
Scholarships awarded . . . . .	175
Change in net assets . . . . .	825
<b>Net assets at beginning of year. . . . .</b>	<b>39,193</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 40,018</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Anthony Wayne Local School District (the "District") is located in Lucas, Wood and Fulton Counties, including all of the Villages of Whitehouse and Waterville, and portions of the City of Maumee and surrounding townships. The District serves an area of approximately 74 square miles.

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

The District ranks as the 81<sup>st</sup> largest by enrollment among the 918 public and community school districts in the State. It currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 190 non-certified and 275 certified (including administrative) full-time and part-time employees to provide services to approximately 4,348 students in grades K through 12 and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental type activity provided it does not conflict with or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued after November 30, 1989. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Penta Career Center

The Penta Career Center (the "Center") is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. The District did not make any payments to the Center during fiscal year 2011. Financial information can be obtained from the Penta County Career Center, Carrie Herringshaw, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio 43551-4594.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent improvement fund - The permanent improvement capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Interfund services provided and used are not eliminated in the process of consolidation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

*Revenues - Exchange and Nonexchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2011 are recorded as deferred revenue in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for tax rate determination. The Lucas County Budget Commission waived the tax budget filing requirement for the fiscal year 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate of estimated resources in effect when the final appropriations were passed by the Board of Education.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2011. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

The District has invested funds in STAR Ohio during fiscal year 2011. 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 shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 2011 amounted to \$32,782, which includes \$12,461 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave 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 GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave 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, employees age fifty or greater with ten years of service or any age with twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable in the fund financial statements by an amount equal to the carrying value of the assets.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and notes are recognized as a liability on the fund financial statements when due.

**M. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represent BWC refunds restricted by State statute, and amounts restricted for food service, special trust, uniform school supplies, adult education and public school support.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. Estimates**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. See Note 16 for detail.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**R. Nonpublic Schools**

Within the boundaries of the District, Lial Catholic operates as a private school. State legislation provides funding to this parochial school. The District receives the money and then disburses the money to the Lucas County Educational Service Center. These transactions are reported as a governmental activity of the District.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any extraordinary or special items during fiscal year 2011.

**T. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On the government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustment**

Beginning net assets of the governmental activities have been restated in order to account for errors and omissions related to the reporting of the District's capital assets in prior years. See Note 9 for detail. The adjustment had the following effect on net assets of the governmental activities at June 30, 2010:

	Governmental Activities
Net assets at June 30, 2010	\$ 6,445,770
Adjustment for capital assets	(5,164,001)
Restated net assets at July 1, 2010	\$ 1,281,769

**B. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**C. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	General	Permanent Improvement	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	\$ 3,213,719	\$ 2,471,023	\$ 1,580,404	\$ 7,265,146
Fund reclassifications:				
Public school support fund	108,110	-	(108,110)	-
Special trust fund	224,646	-	(224,646)	-
Uniform school supplies fund	44,387	-	(44,387)	-
Adult education fund	1,497	-	(1,497)	-
Total fund reclassifications	378,640	-	(378,640)	-
Restated fund balance at July 1, 2010	\$ 3,592,359	\$ 2,471,023	\$ 1,201,764	\$ 7,265,146

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**D. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part-B	\$ 36,955
Title I	9,891
Improving teacher quality	1,727

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$7,289 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$11,983,886. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$12,016,200 of the District's bank balance of \$12,644,502 was exposed to custodial risk as discussed below, while \$628,302 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2011, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 682,032	\$ 682,032

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
STAR Ohio	\$ 682,032	100.00

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,983,886
Investments	682,032
Cash on hand	<u>7,289</u>
Total	<u>\$ 12,673,207</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 12,469,725
Private-purpose trust fund	40,018
Agency fund	<u>163,464</u>
Total	<u>\$ 12,673,207</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 408,928</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2011 consisted of the following as reported on the fund financial statements:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 5,515
Permanent improvement fund	Nonmajor governmental funds	<u>700,000</u>
Total		<u>\$ 705,515</u>

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Lucas, Fulton and Wood Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$860,628 in the general fund, \$81,418 in the debt service fund (a nonmajor governmental fund) and \$71,648 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$967,184 in the general fund, \$93,050 in the debt service fund (a nonmajor governmental fund) and \$79,243 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 829,831,110	98.10	\$ 855,606,440	98.05
Public utility personal	15,539,940	1.84	17,009,010	1.95
Tangible personal property	<u>533,235</u>	<u>0.06</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 845,904,285</u>	<u>100.00</u>	<u>\$ 872,615,450</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$70.00		\$70.00	

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2011 consisted of taxes, payments in lieu of taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$25,017,812
Payments in lieu of taxes	784,543
Intergovernmental	<u>408,930</u>
<b>Total</b>	<u><b>\$26,211,285</b></u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 8 - CAPITAL ASSETS**

The District reviewed and updated its capital assets records during fiscal year 2011 and determined that capital assets as reported in the past had been overstated. The District has restated capital assets as detailed on the following table:

	Balance 6/30/10	Adjustments	Restated Balance 6/30/10
<b>Governmental activities:</b>			
Capital assets, not being depreciated:			
Land	\$ 1,848,060	\$ (239,216)	\$ 1,608,844
Construction in progress	<u>35,111</u>	<u>32,114</u>	<u>67,225</u>
<b>Total capital assets, not being depreciated</b>	<u><b>1,883,171</b></u>	<u><b>(207,102)</b></u>	<u><b>1,676,069</b></u>
Capital assets, being depreciated:			
Land improvements	2,388,245	(10,588)	2,377,657
Building and improvements	33,540,146	(5,196,891)	28,343,255
Furniture and equipment	1,916,576	426,232	2,342,808
Vehicles	<u>4,409,636</u>	<u>(355,122)</u>	<u>4,054,514</u>
<b>Total capital assets, being depreciated</b>	<u><b>42,254,603</b></u>	<u><b>(5,136,369)</b></u>	<u><b>37,118,234</b></u>
Less: accumulated depreciation			
Land improvements	(2,108,310)	(92,518)	(2,200,828)
Building and improvements	(13,659,594)	979,620	(12,679,974)
Furniture and equipment	(1,264,557)	(463,668)	(1,728,225)
Vehicles	<u>(2,754,822)</u>	<u>(243,964)</u>	<u>(2,998,786)</u>
<b>Total accumulated depreciation</b>	<u><b>(19,787,283)</b></u>	<u><b>179,470</b></u>	<u><b>(19,607,813)</b></u>
<b>Governmental activities capital assets, net</b>	<u><b>\$ 24,350,491</b></u>	<u><b>\$ (5,164,001)</b></u>	<u><b>\$ 19,186,490</b></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Restated Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2011</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,844	\$ -	\$ -	\$ 1,608,844
Construction in progress	<u>67,225</u>	<u>214,264</u>	<u>-</u>	<u>281,489</u>
Total capital assets, not being depreciated	<u>1,676,069</u>	<u>214,264</u>	<u>-</u>	<u>1,890,333</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,377,657	5,510	-	2,383,167
Building and improvements	28,343,255	139,384	-	28,482,639
Furniture and equipment	2,342,808	120,479	(9,724)	2,453,563
Vehicles	<u>4,054,514</u>	<u>208,355</u>	<u>-</u>	<u>4,262,869</u>
Total capital assets, being depreciated	<u>37,118,234</u>	<u>473,728</u>	<u>(9,724)</u>	<u>37,582,238</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,200,828)	(21,088)	-	(2,221,916)
Building and improvements	(12,679,974)	(514,031)	-	(13,194,005)
Furniture and equipment	(1,728,225)	(142,489)	6,685	(1,864,029)
Vehicles	<u>(2,998,786)</u>	<u>(230,349)</u>	<u>-</u>	<u>(3,229,135)</u>
Total accumulated depreciation	<u>(19,607,813)</u>	<u>(907,957)</u>	<u>6,685</u>	<u>(20,509,085)</u>
Governmental activities capital assets, net	<u>\$ 19,186,490</u>	<u>\$ (219,965)</u>	<u>\$ (3,039)</u>	<u>\$ 18,963,486</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 505,141
Special	26,482
Vocational	5,349
<u>Support services:</u>	
Administration	498
Fiscal	1,199
Business	18,514
Operations and maintenance	36,344
Pupil transportation	217,236
Central	2,508
Extracurricular activities	54,690
Food service operations	<u>39,996</u>
Total depreciation expense	<u>\$ 907,957</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS**

A. The District's long-term obligations activity during fiscal year 2011 consisted of the following:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2011</u>	Amounts Due Within <u>One Year</u>
<b>Governmental activities:</b>					
<i>General obligation bonds:</i>					
<u>Series 1993, refunding</u>					
Capital appreciation bonds	\$ 78,945	\$ -	\$ (18,297)	\$ 60,648	\$ 18,970
Accreted interest	529,371	65,490	(171,703)	423,158	159,511
<u>Series 1995, facilities improvement</u>					
Capital appreciation bonds	227,595	-	(65,301)	162,294	59,585
Accreted interest	1,497,801	216,331	(464,699)	1,249,433	458,586
<u>Series 2000, facilities improvement</u>					
Current interest bonds	845,000	-	(845,000)	-	-
Capital appreciation bonds	340,000	-	-	340,000	-
Accreted interest	411,585	64,702	-	476,287	-
<u>Series 2001, refunding</u>					
Current interest bonds	8,225,000	-	(135,000)	8,090,000	140,000
Capital appreciation bonds	139,995	-	-	139,995	-
Accreted interest	669,364	179,540	-	848,904	-
<u>Series 2001, facilities improvement</u>					
Current interest bonds	4,440,000	-	(4,440,000)	-	-
<u>Series 2006, refunding</u>					
Current interest bonds	5,950,000	-	(80,000)	5,870,000	85,000
Capital appreciation bonds	134,996	-	-	134,996	-
Accreted interest	180,279	66,570	-	246,849	-
<u>Series 2011, refunding</u>					
Current interest bonds	-	4,790,000	-	4,790,000	200,000
Capital appreciation bonds	-	54,996	-	54,996	-
Accreted interest	-	4,486	-	4,486	-
Total G.O. bonds	<u>23,669,931</u>	<u>5,442,115</u>	<u>(6,220,000)</u>	<u>22,892,046</u>	<u>1,121,652</u>
<i>Other long-term obligations:</i>					
Note payable	700,000	-	(700,000)	-	-
Compensated absences	1,697,731	256,379	(273,755)	1,680,355	393,271
Total other long-term obligations	<u>2,397,731</u>	<u>256,379</u>	<u>(973,755)</u>	<u>1,680,355</u>	<u>393,271</u>
Total governmental activities	<u>\$ 26,067,662</u>	<u>\$ 5,698,494</u>	<u>\$ (7,193,755)</u>	24,572,401	<u>\$ 1,514,923</u>
				Add: unamortized premium on bonds	831,392
				Less: unamortized deferred charges on refunding	<u>(441,663)</u>
				Total on statement of net assets	<u>\$ 24,962,130</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** In July of 1993, the District issued general obligation refunding bonds (Series 1993, refunding bonds). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.50 (average) mil bonded debt tax levy.

At June 30, 2011, this issue is comprised of capital appreciation bonds, par value \$60,648. The capital appreciation bonds mature each December 1, 2011 through 2013, (stated interest 14.17%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$570,000. Total accreted interest of \$423,158 has been included on the statement of net assets at June 30, 2011.

- C.** In 1995, the District issued general obligation bonds (Series 1995, facilities improvement bonds). These bonds were partially refunded in September of 2001 (See Note 9.E.). The non-refunded bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.50 (average) mil bonded debt tax levy.

At June 30, 2011, this issue is comprised of capital appreciation bonds, par value \$162,294. The capital appreciation bonds mature each December 1, 2011 through 2013, (stated interest 14.25%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,730,000. Total accreted interest of \$1,249,433 has been included on the statement of net assets at June 30, 2011.

- D.** On October 1, 2000, the District issued general obligation bonds (Series 2000, school facilities improvement bonds). A portion of these bonds (\$6,395,000) was refunded in 2006 (See Note 9.G.) and the remaining current interest bonds comprising the issue were refunded in 2011 (See Note 9.H.). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.50 (average) mil bonded debt tax levy.

At June 30, 2011, this issue is comprised of capital appreciation bonds, par value \$340,000. The capital appreciation bonds mature each December 1, 2012 through 2015, (stated interest 8.4311%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,055,000. Total accreted interest of \$476,287 has been included on the statement of net assets at June 30, 2011.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

- E.** In September of 2001, the District issued general obligation refunding bonds (Series 2001, refunding bonds). These bonds refunded the callable portion of the Series 1995 issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.50 (average) mil bonded debt tax levy.

This issue is comprised of current interest bonds, present value \$8,090,000 at June 30, 2011 and capital appreciation bonds, par value \$139,995. The capital appreciation bonds mature each December 1, 2014 through 2016, (stated interest rates of 21.218% - 21.541%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,410,000. Total accreted interest of \$848,904 has been included on the statement of net assets at June 30, 2011.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2024.

- F.** On November 27, 2001, the District issued \$5,750,000 in general obligation bonds (Series 2001, school facilities construction and improvement bonds). These bonds were refunded in 2011 (See Note 9.H.).

- G.** On December 28, 2005, the District issued general obligation refunding bonds (Series 2006, school facilities improvement bonds). These bonds refunded the \$6,395,000 callable portion of the Series 2000 issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.50 (average) mil bonded debt tax levy.

This issue is comprised of current interest bonds, present value \$5,870,000 at June 30, 2011, and capital appreciation bonds, par value \$134,996. The capital appreciation bonds mature each December 1, 2016 through 2018, (stated interest 20.109%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,310,000. Total accreted interest of \$246,849 has been included on the statement of net assets at June 30, 2011.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

- H.** On February 3, 2011, the District issued general obligation refunding bonds (Series 2011, refunding bonds). These bonds refunded the remaining \$745,000 callable portion of the Series 2000 issue and the \$4,275,000 callable portion of the Series 2001 issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.50 (average) mil bonded debt tax levy.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

This issue is comprised of current interest bonds, present value \$4,790,000 at June 30, 2011, and capital appreciation bonds, par value \$54,996. The capital appreciation bonds mature each December 1, 2018 through 2019, (stated interest 28.56% and 28.75%, respectively) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$500,000. Total accreted interest of \$4,486 has been included on the statement of net assets at June 30, 2011.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

The reacquisition price exceeded the net carrying amount of the old debt by \$61,927. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$444,780 and resulted in an economic gain of \$328,394.

- I. On May 15, 2009, the District issued \$1,400,000 in facilities notes in anticipation of the issuance of bonds for the purpose of constructing, renovating and improving facilities, and acquiring land. These notes matured on May 1, 2011.
- J. Principal and interest requirements to retire the District's long-term bonds and notes are as follows:

Fiscal Year Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 425,000	\$ 791,857	\$ 1,216,857	\$ 78,555	\$ 666,445	\$ 745,000
2013	480,000	778,240	1,258,240	145,608	814,392	960,000
2014	490,000	763,568	1,253,568	162,016	897,984	1,060,000
2015	340,000	751,855	1,091,855	146,832	928,168	1,075,000
2016	345,000	742,762	1,087,762	131,588	978,412	1,110,000
2017 - 2021	5,120,000	3,274,591	8,394,591	228,330	2,396,670	2,625,000
2022 - 2026	8,190,000	1,578,498	9,768,498	-	-	-
2027 - 2031	3,360,000	372,839	3,732,839	-	-	-
Total	<u>\$ 18,750,000</u>	<u>\$ 9,054,210</u>	<u>\$ 27,804,210</u>	<u>\$ 892,929</u>	<u>\$ 6,682,071</u>	<u>\$ 7,575,000</u>

**K. Other Long-Term Obligations**

Compensated absences will be paid from the fund from which the employee is paid which, for the District, is the general fund and the food service fund, a nonmajor governmental fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**L. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$59,889,474 (including available funds of \$997,012) and an unvoted debt margin of \$872,615.

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-two days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment to certified employees is made for 30 percent of the total sick leave accumulation, up to a maximum accumulation of seventy-eight days. Classified employees are paid for 25 percent of the first 200 accumulated days, 33 percent for each day accumulated from 201 to 234 days, and one day for each year of service over 20 years. If a classified employee has accumulated a total of 235 sick days or more, and that employee has taken 15 or fewer sick days during the best 4 years of the last 6 years of employment, he/she may receive severance pay for a maximum of 80 days. An employee receiving such payment must meet the retirement provisions set by STRS Ohio and SERS.

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$50,000 to certified employees. For classified employees, group term life insurance is provided in the amount of \$50,000 employees under contract for thirty-five hours or more per week, \$25,000 for classified employees under contract for twenty to thirty-four hours per week, and \$10,000 for employees working less than twenty hours per week.

**NOTE 11 - RISK MANAGEMENT**

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

During fiscal year 2011, The District purchased from Governmental Underwriters of America, Inc., general liability insurance, which carried a \$1 million per occurrence/\$3 million annual aggregate limitation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 11 - RISK MANAGEMENT - (Continued)**

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in amounts of insurance coverage from fiscal year 2010.

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

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

*WORKERS' COMPENSATION*

The District uses the firm of Sheakley Uniservice, Inc. to provide administrative support for claims processing, and to assist the District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The District purchases its workers compensation coverage from the Bureau of Workers' Compensation.

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$604,048, \$636,642 and \$429,338, respectively; 52.54 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 12 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$2,123,854, \$2,048,102 and \$1,960,292, respectively; 82.60 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$158,378 made by the District and \$113,127 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$149,242, \$95,352 and \$269,727, respectively; 52.54 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$38,872, \$37,860 and \$35,424, respectively; 52.54 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$163,373, \$157,546 and \$150,792, respectively; 82.60 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 1,260,038
Net adjustment for revenue accruals	(106,806)
Net adjustment for expenditure accruals	(165,846)
Net adjustment for other sources/uses	65,306
Funds budgeted elsewhere	(36,960)
Adjustment for encumbrances	549,474
GAAP basis	<u>\$ 1,565,206</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies fund, adult education fund, and the public school support fund.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**NOTE 16 - SET-ASIDES**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 16 - SET-ASIDES - (Continued)**

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks and capital improvements. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	688,497	688,497
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(561,066)	(333,818)
Excess qualified expenditures from prior years	(1,075,678)	-
Current year offsets	-	(2,057,360)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (948,247)</u>	<u>\$ (1,702,681)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

In addition to the above statutory set-asides, the District also has \$34,698 in restricted Bureau of Workers' Compensation (BWC) refunds. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and restricted fund balance in the general fund since allowable expenditures are restricted by State statute.

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for BWC refunds	<u>\$ 34,698</u>
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**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 17 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	Year-End <u>Encumbrances</u>
General fund	\$ 402,993
Permanent improvement	689,756
Other governmental	<u>67,106</u>
 Total	 \$ <u>1,159,855</u>

**Anthony Wayne Local School District**  
**Lucas County**  
 Schedule of Federal Awards Expenditures  
 For the Year Ending June 30, 2011

Federal Grantor/Pass Through Grantor Number/Program Title	Pass Through Entity Number	CFDA Number	Federal Receipts	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
Nutrition Cluster:				
Pass through Ohio Department of Education				
Cash Assistance:				
National School Lunch Program	080694-LLP4-2011	10.555	\$ 213,684	\$ 213,684
Direct Program				
Non-Cash Assistance:				
National School Lunch Program (commodities)	n/a	10.555	<u>13,642</u>	<u>13,642</u>
<b>Total Nutrition Cluster</b>			<u>227,326</u>	<u>227,326</u>
<b>Total U.S. Department of Agriculture</b>			227,326	227,326
<b><u>U.S. Department of Education</u></b>				
Pass through Ohio Department of Education				
ESEA Title I, Part A, Title I Grants to Local Education Agencies				
Title I - Targeted Asst. FY 10	080694-C1S1-2010	84.010	75,609	38,119
Title I - Targeted Asst. FY 11	080694-C1S1-2011	84.010	231,833	232,639
ARRA Title IA - Federal Stimulus	2010	84.389	16,848	3,279
ARRA Title IA - Federal Stimulus	2011	84.389	<u>73,053</u>	<u>73,435</u>
Total Title I - Grants to Local Education Agencies			397,343	347,472
ARRA Fiscal Stabilization	2010	84.394	-	39,985
ARRA Fiscal Stabilization	2011	84.394	<u>505,380</u>	<u>467,778</u>
Total ARRA Fiscal Stabilization			505,380	507,763
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children				
Title VI - B - FY 10	080694-6BSF-2010	84.027	113,726	84,056
Title VI - B - FY 11	080694-6BSF-2011	84.027	666,566	680,712
ARRA Title VI-B Stimulus	2010	84.391	114,941	51,195
ARRA Title VI-B Stimulus	2011	84.391	<u>314,487</u>	<u>373,862</u>
Total Title VI-B - Special Education - Assistance to States			1,209,720	1,189,825
Drug - Free School Grant - FY10	080694-DRS1-2010	84.186	6,331	275
Title II-D Technology - FY10	080694-TJS1-2011	84.318	939	939
Title II-A, Improv. Teacher Quality - FY10	080694-TRS1-2010	84.367	19,895	14,869
Title II-A, Improv. Teacher Quality - FY11	080694-TRS1-2011	84.367	<u>75,036</u>	<u>76,381</u>
Total Title II-A , Improv. Teacher Quality			<u>94,931</u>	<u>91,250</u>
Education Jobs Ohio	N/A	84.410	<u>226,627</u>	<u>226,627</u>
<b>Total U.S. Department of Education</b>			<u>2,441,271</u>	<u>2,364,151</u>
<b>Total Federal Awards</b>			<u>\$ 2,668,597</u>	<u>\$ 2,591,477</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**  
**Lucas County, Ohio**  
**Notes to the Schedule of Federal Award Expenditures**  
**For the Year Ended June 30, 2011**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**2. Food Distribution**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2011, the District had food commodities in inventory.

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*Certified Public Accountants*

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

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Lucas County  
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Whitehouse, Ohio 43571

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Wayne Local School District, (District), Lucas County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2011, wherein we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Anthony Wayne Local School District, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Anthony Wayne Local School District, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding number 2011-AW-01 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

A handwritten signature in black ink that reads "Charles E. Harris".

**Charles E. Harris and Associates, Inc.**

December 5, 2011

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614 W Superior Ave Ste 1242  
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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Anthony Wayne Local School District  
Lucas County  
9565 Bucher Road  
P.O. Box 2487  
Whitehouse, Ohio 43571

To the Board of Education:

Compliance

We have audited the Anthony Wayne Local School District, Lucas County, Ohio's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's federal programs for the year ended June 30, 2011. The 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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Anthony Wayne Local School District, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

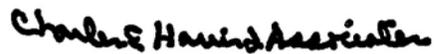
Management of the Anthony Wayne Local School District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

However, we noted certain matters involving federal compliance not requiring inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2011.

This report is intended solely for the information and use of management, the Board of Education, the audit committee, others within the entity, 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.



**CHARLES E. HARRIS & ASSOCIATES, INC.**

December 5, 2011

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
June 30, 2011**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	SFSF CFDA #84.394 Title I CFDA #84.010 Title I ARRA CFDA #84.389 IDEA B CFDA #84.027 IDEA B ARRA CFDA #84.391
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

**SCHEDULE OF FINDINGS - (continued)**  
**OMB CIRCULAR A-133 SECTION .505**

Anthony Wayne Local School District  
Lucas County  
June 30, 2011

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-AW-01 Significant Deficiency**

A capital assets management system ensures that policies and procedures are in place to safeguard assets and maintains the integrity of financial statement information. These procedures should include: authorizing and recording disposals and transfers of assets; recording purchases as additions at the time items are received; tagging assets to ensure that each asset is in the appropriate location and described accurately in the District's inventory list.

The District's capital asset system balances (EIS) did not match the records that were recorded in the financial statements. Some assets reported on EIS could not be traced to the GAAP report and vice-versa. Also, we noted several duplicate postings of assets in the EIS report that required a reduction of the total capital assets and a prior period adjustment. These amounts were reconciled and adjusted in the financial statements.

We recommend that management follow their formulated capital asset policy to properly capture all capital assets as purchased and disposed and include them in their EIS sub-ledger. These procedures include inventory of capital assets throughout the District through the implementation of policies and procedures which address: 1) reporting to the Treasurer (for updating District-wide records) 2) inputting tagged items into the District's computer system 3) calculating and recording depreciation 4) performing a physical count of capital assets to obtain an accurate balance and then performing periodic physical counts regularly and 5) maintaining a detailed master capital asset list appropriately sorted and readily sorted which readily supports financial statement presentation.

**Management's Response:**

Management is (still) in the process of correcting the EIS records due to multiple duplication of tag numbers in its EIS system (this occurred through Valuation Engineers prior to 2005, however, was realized in FY 10 audit). The District continues to work with the A-site to correct this error, but being short staffed and the amount of time involved, it is taking longer than anticipated. Of the seven asset classifications, we are down to one (equipment) classification to reconcile and we feel that the differences are immaterial. We are committed to correcting the issue and will have it completed for the 2012 audit.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
JUNE 30, 2011**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
<b>2010-AW-01</b>	<b>Significant Deficiency – Capital Asset Management</b>	<b>No</b>	<b>Repeated as Finding 2011-AW-01</b>

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE**

**Anthony Wayne Local School District  
Lucas County  
9565 Bucher Road  
P.O. Box 2487  
Whitehouse, Ohio 43571**

**To the Board of Education:**

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Anthony Wayne Local School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board of Education amended its anti-harassment policy at its meeting on December 6, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



***Charles E. Harris & Associates, Inc.***  
December 5, 2011



# Dave Yost • Auditor of State

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 20, 2012**