

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

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2002***





**Auditor of State**  
**Betty Montgomery**

88 East Broad Street  
P. O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Education  
Anthony Wayne Local School District  
Whitehouse, Ohio

We have reviewed the Independent Auditor's Report of the Anthony Wayne Local School District, Lucas County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2001 through June 30, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

January 24, 2003

**This Page is Intentionally Left Blank.**

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

TABLE OF CONTENTS

Independent Auditor’s Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	2 - 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types .....	5 - 6
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type .....	7
Combined Statement of Cash Flows - Proprietary Fund Type . . . . .	8
Notes to the General Purpose Financial Statements. ....	9 - 47
Supplemental Data	
Schedule of Expenditures of Federal Awards .....	48
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	49 - 50
Report on Compliance With Requirements Applicable to Its Major Federal Program and Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	51 - 52
Schedule of Findings <i>OMB Circular A-133 §.505</i> .....	53 - 56
Schedule of Prior Audit Findings <i>OMB Circular A-133 §.505</i> .....	57

**This Page is Intentionally Left Blank.**

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## Independent Auditor's Report

Board of Education  
Anthony Wayne Local School District  
11012 Shepler Avenue  
Whitehouse, Ohio 43571

We have audited the accompanying general purpose financial statements of the Anthony Wayne Local School District, Lucas County, (the "District"), as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Anthony Wayne Local School District, Lucas County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.  
December 10, 2002

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 2,755,844	\$ 223,899	\$ 316,014	\$ 4,071,712
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent . . . . .	17,527,485	-	1,731,043	-
Due from other governments . . . . .	-	83,417	-	51,521
Due from other fund. . . . .	22,278	-	-	-
Materials and supplies inventory . . . . .	19,130	-	-	-
Prepayments. . . . .	158,716	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	34,698	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .	-	-	-	-
<b>OTHER DEBITS:</b>				
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b>\$ 20,518,151</b>	<b>\$ 307,316</b>	<b>\$ 2,047,057</b>	<b>\$ 4,123,233</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 55,946	\$ 3,581	\$ -	\$ 708,313
Accrued wages and benefits. . . . .	2,245,207	44,715	-	-
Compensated absences payable. . . . .	86,785	-	-	-
Pension obligation payable . . . . .	360,017	16,472	-	-
Deferred revenue . . . . .	15,906,424	-	1,591,273	-
Due to other governments. . . . .	209,097	3,949	-	-
Due to students . . . . .	-	-	-	-
Due to other fund . . . . .	-	22,278	-	-
Accrued interest payable . . . . .	-	-	26,379	-
General obligation bonds payable. . . . .	-	-	-	-
Obligation under capital lease . . . . .	-	-	-	-
<b>Total liabilities. . . . .</b>	<b>18,863,476</b>	<b>90,995</b>	<b>1,617,652</b>	<b>708,313</b>
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets. . . . .	-	-	-	-
Contributed capital . . . . .	-	-	-	-
Retained earnings: unreserved . . . . .	-	-	-	-
Fund balances:				
Reserved for encumbrances . . . . .	529,091	25,393	-	2,446,145
Reserved for materials and supplies inventory. . . . .	19,130	-	-	-
Reserved for prepayments . . . . .	158,716	-	-	-
Reserved for debt service . . . . .	-	-	289,635	-
Reserved for tax revenue unavailable for appropriation. . . . .	605,970	-	41,918	-
Reserved for BWC refunds. . . . .	34,698	-	-	-
Designated for budget stabilization . . . . .	547,582	-	-	-
Unreserved-undesignated. . . . .	(240,512)	190,928	97,852	968,775
<b>Total equity and other credits . . . . .</b>	<b>1,654,675</b>	<b>216,321</b>	<b>429,405</b>	<b>3,414,920</b>
<b>Total liabilities, equity and other credits. . . . .</b>	<b>\$ 20,518,151</b>	<b>\$ 307,316</b>	<b>\$ 2,047,057</b>	<b>\$ 4,123,233</b>

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



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 98,530	\$ 392,538	\$ -	\$ -	\$ 7,858,537
-	-	-	-	19,258,528
10,485	-	-	-	145,423
-	-	-	-	22,278
21,743	-	-	-	40,873
-	-	-	-	158,716
-	-	-	-	34,698
200,125	-	42,537,204	-	42,737,329
-	-	-	429,405	429,405
-	-	-	29,355,765	29,355,765
<u>\$ 330,883</u>	<u>\$ 392,538</u>	<u>\$ 42,537,204</u>	<u>\$ 29,785,170</u>	<u>\$ 100,041,552</u>
\$ -	\$ -	\$ -	\$ -	\$ 767,840
49,475	-	-	-	2,339,397
17,718	-	-	1,538,195	1,642,698
46,093	-	-	144,572	567,154
18,124	-	-	-	17,515,821
3,966	9,177	-	-	226,189
-	84,828	-	-	84,828
-	-	-	-	22,278
-	-	-	-	26,379
-	-	-	27,617,075	27,617,075
-	-	-	485,328	485,328
<u>135,376</u>	<u>94,005</u>	<u>-</u>	<u>29,785,170</u>	<u>51,294,987</u>
-	-	42,537,204	-	42,537,204
3,731	-	-	-	3,731
191,776	-	-	-	191,776
-	-	-	-	3,000,629
-	-	-	-	19,130
-	-	-	-	158,716
-	-	-	-	289,635
-	-	-	-	647,888
-	-	-	-	34,698
-	-	-	-	547,582
-	298,533	-	-	1,315,576
<u>195,507</u>	<u>298,533</u>	<u>42,537,204</u>	<u>-</u>	<u>48,746,565</u>
<u>\$ 330,883</u>	<u>\$ 392,538</u>	<u>\$ 42,537,204</u>	<u>\$ 29,785,170</u>	<u>\$ 100,041,552</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 14,907,302	\$ -	\$ 1,502,104	\$ -	\$ -	\$ 16,409,406
Tuition . . . . .	70,314	-	-	-	-	70,314
Earnings on investments . . . . .	247,088	-	48,191	101,242	-	396,521
Extracurricular . . . . .	-	316,609	-	-	-	316,609
Other local revenues . . . . .	217,809	40,415	-	31,000	231,183	520,407
Intergovernmental - State . . . . .	8,364,259	225,336	174,223	51,521	-	8,815,339
Intergovernmental - Federal . . . . .	293,874	379,317	-	9,000	-	682,191
Total revenues . . . . .	<u>24,100,646</u>	<u>961,677</u>	<u>1,724,518</u>	<u>192,763</u>	<u>231,183</u>	<u>27,210,787</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	11,675,848	74,091	-	9,000	235,108	11,994,047
Special . . . . .	1,508,212	294,068	-	-	-	1,802,280
Vocational . . . . .	285,370	-	-	-	-	285,370
Support services:						
Pupil . . . . .	714,390	22,527	-	-	-	736,917
Instructional staff . . . . .	875,347	93,059	-	-	5,108	973,514
Board of Education . . . . .	661,833	-	-	-	-	661,833
Administration . . . . .	1,765,419	11,270	-	-	2,400	1,779,089
Fiscal . . . . .	564,881	-	4,384	-	-	569,265
Operations and maintenance . . . . .	3,001,632	-	-	-	-	3,001,632
Pupil transportation . . . . .	1,545,184	-	-	-	-	1,545,184
Central . . . . .	-	25,298	-	-	-	25,298
Community services . . . . .	-	150,205	-	-	16,876	167,081
Extracurricular activities . . . . .	369,720	318,657	-	-	-	688,377
Facilities acquisition and construction . . . . .	262,158	-	-	6,451,140	5,106	6,718,404
Capital outlay . . . . .	394,075	-	-	-	-	394,075
Debt service:						
Principal retirement . . . . .	186,209	-	500,000	-	65,042	751,251
Interest and fiscal charges . . . . .	23,401	-	1,057,251	113,519	10,450	1,204,621
Total expenditures . . . . .	<u>23,833,679</u>	<u>989,175</u>	<u>1,561,635</u>	<u>6,573,659</u>	<u>340,090</u>	<u>33,298,238</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>266,967</u>	<u>(27,498)</u>	<u>162,883</u>	<u>(6,380,896)</u>	<u>(108,907)</u>	<u>(6,087,451)</u>
Other financing sources (uses):						
Operating transfers in . . . . .	-	-	-	273,513	-	273,513
Operating transfers out . . . . .	-	-	(273,513)	-	-	(273,513)
Proceeds of capital lease transaction . . . . .	394,075	-	-	-	-	394,075
Proceeds of bonds . . . . .	-	-	-	5,750,000	-	5,750,000
Total other financing sources (uses) . . . . .	<u>394,075</u>	<u>-</u>	<u>(273,513)</u>	<u>6,023,513</u>	<u>-</u>	<u>6,144,075</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	<u>661,042</u>	<u>(27,498)</u>	<u>(110,630)</u>	<u>(357,383)</u>	<u>(108,907)</u>	<u>56,624</u>
Fund balances, July 1 . . . . .	995,108	243,819	540,035	3,772,303	407,440	5,958,705
Decrease in reserve for inventory . . . . .	(1,475)	-	-	-	-	(1,475)
Fund balances, June 30 . . . . .	<u>\$ 1,654,675</u>	<u>\$ 216,321</u>	<u>\$ 429,405</u>	<u>\$ 3,414,920</u>	<u>\$ 298,533</u>	<u>\$ 6,013,854</u>

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

**This Page is Intentionally Left Blank.**

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 13,327,406	\$ 14,537,663	\$ 1,210,257	\$ -	\$ -	\$ -
Tuition . . . . .	97,128	102,193	5,065	-	-	-
Earnings on investments . . . . .	281,956	296,661	14,705	-	-	-
Extracurricular . . . . .	-	-	-	196,981	355,149	158,168
Other local revenues . . . . .	146,747	154,400	7,653	30,142	40,414	10,272
Intergovernmental - State . . . . .	8,031,793	8,450,667	418,874	83,659	150,833	67,174
Intergovernmental - Federal . . . . .	279,308	293,874	14,566	197,715	370,402	172,687
Total revenues . . . . .	<u>22,164,338</u>	<u>23,835,458</u>	<u>1,671,120</u>	<u>508,497</u>	<u>916,798</u>	<u>408,301</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	12,021,926	12,312,350	(290,424)	48,216	74,545	(26,329)
Special . . . . .	1,537,583	1,574,728	(37,145)	189,039	292,267	(103,228)
Vocational . . . . .	291,663	298,709	(7,046)	-	-	-
Support services:						
Pupil . . . . .	728,316	745,910	(17,594)	14,571	22,527	(7,956)
Instructional staff . . . . .	840,106	860,401	(20,295)	55,559	85,898	(30,339)
Board of Education . . . . .	684,478	701,013	(16,535)	-	-	-
Administration . . . . .	1,738,355	1,780,350	(41,995)	7,399	11,439	(4,040)
Fiscal . . . . .	503,319	515,478	(12,159)	-	-	-
Operations and maintenance . . . . .	3,180,391	3,257,222	(76,831)	-	-	-
Pupil transportation . . . . .	1,685,938	1,726,666	(40,728)	-	-	-
Central . . . . .	-	-	-	16,363	25,298	(8,935)
Community services . . . . .	-	-	-	100,172	154,872	(54,700)
Extracurricular activities . . . . .	361,064	369,786	(8,722)	245,686	379,850	(134,164)
Facilities acquisition and construction . . . . .	385,018	394,319	(9,301)	-	-	-
Debt service:						
Principal retirement . . . . .	-	-	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-	-	-
Total expenditures . . . . .	<u>23,958,157</u>	<u>24,536,932</u>	<u>(578,775)</u>	<u>677,005</u>	<u>1,046,696</u>	<u>(369,691)</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,793,819)</u>	<u>(701,474)</u>	<u>1,092,345</u>	<u>(168,508)</u>	<u>(129,898)</u>	<u>38,610</u>
Other financing sources (uses):						
Operating transfers in . . . . .	846,674	-	(846,674)	149,553	-	(149,553)
Operating transfers out . . . . .	(869,817)	-	869,817	(174,402)	-	174,402
Proceeds from sale of bonds . . . . .	-	-	-	-	-	-
Refund of prior year expenditures . . . . .	58,396	61,441	3,045	-	-	-
Total other financing sources (uses) . . . . .	<u>35,253</u>	<u>61,441</u>	<u>26,188</u>	<u>(24,849)</u>	<u>-</u>	<u>24,849</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	<u>(1,758,566)</u>	<u>(640,033)</u>	<u>1,118,533</u>	<u>(193,357)</u>	<u>(129,898)</u>	<u>63,459</u>
Fund balances, July 1 (restated) . . . . .	2,291,173	2,291,173	-	265,213	265,213	-
Prior year encumbrances appropriated . . . . .	<u>569,344</u>	<u>569,344</u>	<u>-</u>	<u>37,332</u>	<u>37,332</u>	<u>-</u>
Fund balances, June 30 . . . . .	<u>\$ 1,101,951</u>	<u>\$ 2,220,484</u>	<u>\$ 1,118,533</u>	<u>\$ 109,188</u>	<u>\$ 172,647</u>	<u>\$ 63,459</u>

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

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 316,903	\$ 1,463,991	\$ 1,147,088	\$ -	\$ -	\$ -	\$ 13,644,309	\$ 16,001,654	\$ 2,357,345
-	-	-	-	-	-	97,128	102,193	5,065
10,432	48,191	37,759	100,399	101,242	843	392,787	446,094	53,307
-	-	-	-	-	-	196,981	355,149	158,168
-	-	-	112,032	31,000	(81,032)	288,921	225,814	(63,107)
37,713	174,223	136,510	-	-	-	8,153,165	8,775,723	622,558
-	-	-	9,084	9,000	(84)	486,107	673,276	187,169
<u>365,048</u>	<u>1,686,405</u>	<u>1,321,357</u>	<u>221,515</u>	<u>141,242</u>	<u>(80,273)</u>	<u>23,259,398</u>	<u>26,579,903</u>	<u>3,320,505</u>
-	-	-	6,190	9,000	(2,810)	12,076,332	12,395,895	(319,563)
-	-	-	-	-	-	1,726,622	1,866,995	(140,373)
-	-	-	-	-	-	291,663	298,709	(7,046)
-	-	-	-	-	-	742,887	768,437	(25,550)
-	-	-	-	-	-	895,665	946,299	(50,634)
-	-	-	-	-	-	684,478	701,013	(16,535)
100	-	100	-	-	-	1,745,854	1,791,789	(45,935)
500	4,384	(3,884)	-	-	-	503,819	519,862	(16,043)
-	-	-	-	-	-	3,180,391	3,257,222	(76,831)
-	-	-	-	-	-	1,685,938	1,726,666	(40,728)
-	-	-	-	-	-	16,363	25,298	(8,935)
-	-	-	-	-	-	100,172	154,872	(54,700)
-	-	-	-	-	-	606,750	749,636	(142,886)
-	-	-	6,242,060	9,076,118	(2,834,058)	6,627,078	9,470,437	(2,843,359)
5,562,950	6,250,000	(687,050)	-	-	-	5,562,950	6,250,000	(687,050)
1,743,305	1,330,764	412,541	-	-	-	1,743,305	1,330,764	412,541
<u>7,306,855</u>	<u>7,585,148</u>	<u>(278,293)</u>	<u>6,248,250</u>	<u>9,085,118</u>	<u>(2,836,868)</u>	<u>38,190,267</u>	<u>42,253,894</u>	<u>(4,063,627)</u>
<u>(6,941,807)</u>	<u>(5,898,743)</u>	<u>1,043,064</u>	<u>(6,026,735)</u>	<u>(8,943,876)</u>	<u>(2,917,141)</u>	<u>(14,930,869)</u>	<u>(15,673,991)</u>	<u>(743,122)</u>
90,278	-	(90,278)	-	-	-	1,086,505	-	(1,086,505)
-	-	-	-	-	-	(1,044,219)	-	1,044,219
1,244,674	5,750,000	4,505,326	5,803,485	-	(5,803,485)	7,048,159	5,750,000	(1,298,159)
-	-	-	-	-	-	58,396	61,441	3,045
<u>1,334,952</u>	<u>5,750,000</u>	<u>4,415,048</u>	<u>5,803,485</u>	<u>-</u>	<u>(5,803,485)</u>	<u>7,148,841</u>	<u>5,811,441</u>	<u>(1,337,400)</u>
(5,606,855)	(148,743)	5,458,112	(223,250)	(8,943,876)	(8,720,626)	(7,782,028)	(9,862,550)	(2,080,522)
464,757	464,757	-	3,716,288	3,716,288	-	6,737,431	6,737,431	-
-	-	-	6,144,842	6,144,842	-	6,751,518	6,751,518	-
<u>\$ (5,142,098)</u>	<u>\$ 316,014</u>	<u>\$ 5,458,112</u>	<u>\$ 9,637,880</u>	<u>\$ 917,254</u>	<u>\$ (8,720,626)</u>	<u>\$ 5,706,921</u>	<u>\$ 3,626,399</u>	<u>\$ (2,080,522)</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating revenues:	
Tuition and fees. . . . .	\$ 101,341
Sales/charges for services. . . . .	<u>674,389</u>
Total operating revenues . . . . .	<u>775,730</u>
Operating expenses:	
Personal services . . . . .	414,096
Contract services . . . . .	6,627
Materials and supplies . . . . .	508,798
Depreciation . . . . .	13,998
Other . . . . .	<u>27,362</u>
Total operating expenses . . . . .	<u>970,881</u>
Operating loss . . . . .	<u>(195,151)</u>
Nonoperating revenues (expenses):	
Operating grants . . . . .	73,324
Interest revenue. . . . .	1,978
Loss on disposal of assets . . . . .	(18,519)
Federal commodities . . . . .	<u>32,038</u>
Total nonoperating revenues (expenses). . . . .	<u>88,821</u>
Net loss before capital contributions . . . . .	(106,330)
Contributed capital . . . . .	<u>112,035</u>
Net income . . . . .	5,705
Addback of depreciation on fixed assets acquired from contributed capital. . . . .	1,113
Retained earnings, July 1 (restated) . . . . .	<u>184,958</u>
Retained earnings, June 30 . . . . .	<u>191,776</u>
Contributed capital, July 1 (restated) . . . . .	4,844
Depreciation on fixed assets acquired by contributed capital . . . . .	<u>(1,113)</u>
Contributed capital, June 30 . . . . .	<u>3,731</u>
Total fund equity, June 30 . . . . .	<u>\$ 195,507</u>

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**  
**LUCAS COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees . . . . .	\$ 101,341
Cash received from sales/service charges . . . . .	674,389
Cash payments for personal services . . . . .	(398,257)
Cash payments for contract services . . . . .	(6,627)
Cash payments for materials and supplies . . . . .	(481,448)
Cash payments for other expenses . . . . .	(27,362)
	(137,964)
Net cash used in operating activities . . . . .	
Cash flows from noncapital financing activities:	
Cash received from operating grants . . . . .	71,733
	71,733
Net cash provided by noncapital financing activities . . . . .	
Cash flows from investing activities:	
Interest received . . . . .	1,978
	1,978
Net cash provided by investing activities . . . . .	
Cash flows from capital and related financing activities:	
Acquisition of capital assets . . . . .	(2,714)
	(2,714)
Net cash used in capital and related financing activities . . . . .	
Net decrease in cash and cash equivalents . . . . .	(66,967)
Cash and cash equivalents at beginning of year . . . . .	165,497
Cash and cash equivalents at end of year . . . . .	\$ 98,530
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss . . . . .	\$ (195,151)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation . . . . .	13,998
Federal donated commodities . . . . .	32,038
Changes in assets and liabilities:	
Increase in materials and supplies inventory . . . . .	(12,913)
Decrease in accounts payable . . . . .	(3,604)
Decrease in accrued wages and benefits . . . . .	(1,320)
Increase in due to other governments . . . . .	3,966
Increase in pension obligation payable . . . . .	13,193
Increase in deferred revenue . . . . .	11,829
	11,829
Net cash used in operating activities . . . . .	\$ (137,964)

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

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

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

The District ranks as the 124<sup>th</sup> largest by enrollment among the 705 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 168 non-certified and 235 certified (including administrative) full-time and part-time employees to provide services to approximately 3,547 students in grades K through 12 and various community groups.

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

The general purpose financial statements (GPFS) 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) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. The Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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 the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

*JOINTLY GOVERNED ORGANIZATIONS*

Penta County Joint Vocational School

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

Northwest Ohio Computer Association (NWOCA)

The District is a participant with 28 other school districts in a jointly governed organization to operate NWOCA. NWOCA was formed for the purpose of providing computer services. NWOCA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The District does not have an ongoing financial interest or responsibility in NWOCA.

**B. Fund Accounting**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

*GOVERNMENTAL FUNDS*

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

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

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

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

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

*PROPRIETARY FUNDS*

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

*FIDUCIARY FUNDS*

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

*ACCOUNT GROUPS*

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

**C. Measurement Focus/Basis of Accounting**

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

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

The modified accrual basis of accounting is followed for governmental and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2002, but which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002 are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. 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.

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2002 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the budgetary statements present comparisons at the fund and function level of expenditures as elected by the District Treasurer. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2002.
9. 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 GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for enterprise funds are disclosed in Note 11.

**E. Cash and Investments**

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

During 2002, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

Under existing Ohio statute and federal regulations all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The District via board policy allocates interest to the general fund, Bond Retirement fund, Food Service fund and Building fund. During fiscal year 2002, interest revenue credited to the general fund amounted to \$247,088, which includes \$136,338 assigned from other District funds.



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the 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 Treasurer's investment account at year end is provided in Note 4.

**F. Materials and Supplies Inventory**

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

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

**G. Prepayments**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

**H. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. Proprietary Funds

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

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

<u>Asset</u>	<u>Life (years)</u>
Furniture and equipment	5 - 20

**I. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as “interfund loans receivable or payable”.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District’s interfund transactions for fiscal year 2002 is presented in Note 5.

**J. Compensated Absences**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

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

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**K. Contributions of Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at year-end. The District had contributions of capital of \$112,035 during fiscal 2002. Contributed capital in the enterprise funds at June 30, 2002, is \$3,731.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

**L. Long-Term Obligations**

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

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

**M. Fund Equity**

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

Designated fund balance represents planned actions for monies set-a-side by the District for budget stabilization.

**N. Parochial Schools**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside from BWC refunds. This reserve may be used by the District for purposes specified by state statute. A fund balance reserve has also been established. See Note 17.

**P. Estimates**

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

**Q. Memorandum Only - Total Columns**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustment**

- i. During fiscal year 2002, a reappraisal of the District's fixed assets was performed and the capitalization threshold was increased from \$500 to \$1,000. Due to variances between the reappraisal balances and amounts previously reported as fixed assets, and the change in the capitalization criteria, a prior period adjustment is required to restate the general fixed asset account group (see Note 8) and the retained earnings and contributed capital in the Food Service enterprise fund. The prior period adjustment had the following effect on retained earnings and contributed capital as previously reported as of June 30, 2001:

	<u>Retained Earnings</u>	<u>Contributed Capital</u>
<u>Enterprise</u>		
Retained earnings as previously reported	\$ 71,909	\$ 6,991
Restatement for reappraisal and change in capitalization criteria	<u>113,049</u>	<u>(2,147)</u>
Restated retained earnings as of July 1, 2001	<u>\$184,958</u>	<u>\$ 4,844</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

- ii. The District has presented a restatement of certain fund balances as originally presented at June 30, 2001 on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget-and-Actual Comparison (Non-GAAP Budgetary Basis), All Governmental Fund Types because of errors made in posting prior fiscal years' audit adjustments. The effect of these adjustments to fund balances is as follows:

	<u>Balance as Previously Presented June 30, 2001</u>	<u>Effect of Adjustments</u>	<u>Restated Balance July 1, 2001</u>
General Fund	\$2,517,111	\$(225,938)	\$2,291,173
Debt Service Fund	370,604	94,153	464,757

**B. Deficit Fund Balances**

Fund balances at June 30, 2002 included the following fund deficits:

	<u>Deficit Balances</u>
<u>Special Revenue Funds</u>	
Ohio Reads	\$ 122
Title I	12,009

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. These deficit balances are caused by the application of GAAP, namely in the reporting of a liability for accrued wages and retirement obligations attributable to the fiscal year. These deficits will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.

**C. Non-Compliance**

1. Contrary to Ohio Revised Code (ORC) Section 5705.10, which does not permit a cash-basis deficit at fiscal year-end, the Title VI-B special revenue fund had a \$22,278 deficit balance. The general fund has advanced monies to the fund to comply with ORC (see Note 5.B.).

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

2. The following funds had appropriations in excess of estimated resources for the fiscal year ended June 30, 2002 in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Other Grants	\$ 6,441
Special Revenue	Auxiliary Services (NPSS)	100,000
Special Revenue	Management Information Services	2,000
Special Revenue	Title VI-B - Special Education	6,101
Special Revenue	Title I	1,844
Debt Service	Bond Retirement	5,142,098

3. The following funds had expenditures in excess of appropriations in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Public School Support	\$ 86,967
Special Revenue	District Managed Student Activity	337,048
Special Revenue	Auxiliary Services (NPSS)	1,263
Special Revenue	Management Information System	1,718
Special Revenue	SchoolNet Professional Development	4,142
Special Revenue	Ohio Reads	8,000
Special Revenue	Education for Economic Security (EESA) and National Defense Education Act (NDEA)	2,247
Special Revenue	Title VI-B - Special Education	8,929
Special Revenue	Title I	4,586
Special Revenue	Innovative Educational Program Strategies	6,661
Special Revenue	Drug Free School Grant	6,876
Special Revenue	Miscellaneous Federal Grants	36,793
Debt Service	Bond Retirement	278,293
Capital Projects	Building Fund	3,226,316
Capital Projects	SchoolNet	9,000
Enterprise	Food Services	39,872
Enterprise	Uniform School Supplies	65,825



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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;

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

*Deposits:* At year-end the carrying amount of the District’s deposits was \$12,803 and the bank balance was \$142,873. Of the bank balance:

1. \$100,000 was covered by federal deposit insurance.
2. \$42,873 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

	Fair Value
Not subject to categorization:	
Investment in STAR Ohio	<u>\$7,880,432</u>
Total investments	<u><u>\$7,880,432</u></u>

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 7,893,235	\$ -
Investments of the cash management pool:		
Investment in STAR Ohio	<u>(7,880,432)</u>	<u>7,880,432</u>
GASB Statement No. 3	<u>\$ 12,803</u>	<u>\$7,880,432</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a reconciliation of the District's operating transfers for fiscal year 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
Debt Service Fund	\$ -	\$273,513
<u>Capital Projects Fund</u>		
Building	<u>273,513</u>	<u>-</u>
Total	<u>\$273,513</u>	<u>\$273,513</u>

The transfers out of the debt service fund are in compliance with Ohio Revised Code.

B. Amounts "due to" and "due from" other funds to cover negative cash balances at June 30, 2002, consist of the following:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$22,278	\$ -
<u>Special Revenue Fund</u>		
Title VI-B	<u>-</u>	<u>22,278</u>
Totals	<u>\$22,278</u>	<u>\$22,278</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 6 - PROPERTY TAXES**

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

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

The assessed value upon which the 2001 taxes were collected was \$561,829,973. Agricultural/residential and public utility/minerals real estate represented 74.64% or \$419,340,920 of this total; commercial & industrial real estate represented 11.78% or \$66,198,570 of this total; public utility tangible represented 4.64% or \$26,065,310 of this total and general tangible property represented 8.94% or \$50,225,173 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$56.60 per \$1,000.00 of assessed valuation for operations.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002 totaled \$605,970 in the general fund and \$41,918 in the debt service fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), interfund loans, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 7 - RECEIVABLES - (Continued)**

A summary of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Property Taxes - current and delinquent	\$17,527,485
Due from other fund	22,278
 <u>Special Revenue Funds</u>	
Due from other governments	83,417
 <u>Debt Service Fund</u>	
Property Taxes - current and delinquent	1,731,043
 <u>Capital Projects Funds</u>	
Due from other governments	51,521
 <u>Enterprise Funds</u>	
Due from other governments	10,485

**NOTE 8 - FIXED ASSETS**

**General Fixed Assets**

The general fixed assets account group has been restated as of July 1, 2001 due to a reappraisal and an increase in the District's capitalization threshold from \$500 to \$1,000. These adjustments had the following effect on the balances previously reported in the general fixed asset account group:

<u>Asset Category</u>	<u>Balance June 30, 2001</u>	<u>Adjustments</u>	<u>Restated Balance July 1, 2001</u>
Land and improvements	\$ 3,542,563	\$ (8,201)	\$ 3,534,362
Buildings and improvements	24,621,138	(1,570)	24,619,568
Furniture, fixtures and equipment	6,824,425	(671,006)	6,153,419
Vehicles	<u>2,711,468</u>	<u>389,309</u>	<u>3,100,777</u>
Total	<u>\$37,699,594</u>	<u>\$(291,468)</u>	<u>\$37,408,126</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

<u>Asset Category</u>	<u>Restated Balance July 1, 2001</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2002</u>
Land and improvements	\$ 3,534,362	\$ -	\$ -	\$ 3,534,362
Buildings and improvements	24,619,568	58,444	-	24,678,012
Furniture, fixtures and equipment	6,153,419	436,880	(145,326)	6,444,973
Vehicles	3,100,777	493,726	(696,396)	2,898,107
Construction in progress	<u>-</u>	<u>4,981,750</u>	<u>-</u>	<u>4,981,750</u>
Total	<u>\$37,408,126</u>	<u>\$5,970,800</u>	<u>\$(841,722)</u>	<u>\$42,537,204</u>

A summary of the proprietary fixed assets at June 30, 2002 follows:

Furniture and equipment	\$ 381,970
Less: accumulated depreciation	<u>(181,845)</u>
Net fixed assets	<u>\$ 200,125</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

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



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$485,328, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2002 fiscal year totaled \$251,251. This amount is reflected as debt service principal retirement in the General fund of \$186,209 and in the Expendable trust fund of \$65,042.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2002.

General Long-Term Obligations

<u>Year Ending June 30</u>	<u>Computers</u>	<u>Copiers</u>	<u>Buses</u>	<u>Total</u>
2003	\$190,144	\$3,539	\$ 87,663	\$281,346
2004	-	-	87,663	87,663
2005	-	-	87,664	87,664
2006	-	-	<u>87,663</u>	<u>87,663</u>
Total future minimum lease payments	<u>\$190,144</u>	<u>\$3,539</u>	<u>\$350,653</u>	544,336
Less: amount representing interest				<u>(59,008)</u>
Present value of future minimum lease payments				<u>\$485,328</u>

**NOTE 10 - LONG-TERM DEBT**

**A. General Obligation Bonds**

On November 27, 2001, the District issued \$5,750,000 in general obligation bonds (Series 2002, School Facilities Construction and Improvement Bonds). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these bonds are recorded as an expenditure in the debt service fund. The issue consists of current interest bonds, par value \$5,750,000, with interest rates ranging from 3.00% to 5.50%.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 10 - LONG-TERM DEBT - (Continued)**

On October 1, 2000, the District issued \$8,000,000 in general obligation bonds (Series 2000, School Facilities Improvement Bonds). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these bonds are recorded as an expenditure in the Debt service fund. The source of payment is derived from a current 2.80 (average) mill bonded debt tax levy.

**B. Capital Appreciation Bonds**

This issue is comprised of current interest bonds, par value \$7,660,000, and capital appreciation bonds, par value \$1,055,000. The capital appreciation bonds mature each December 1, 2012 through 2015, (effective interest 8.4311%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30, 2002 was \$340,000. Total accreted interest of \$48,207 has been included in the general long-term obligations account group at June 30, 2002.

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.

**C. Defeased Debt**

The District defeased General Obligation Bonds dated May 1, 1999 in the amount of \$12,919,979.

At the time of the defeasance, funds were deposited with the District's trustee, Fifth Third Securities, Inc. for the general obligation bonds. The principal and interest on the investments in the escrow fund are used solely to pay the principal and interest on the general obligation bonds as they come due. The principal amount outstanding on the refunding general obligation bonds at June 30, 2002 was \$12,274,704.

As the money on deposit with the trustee is adequate to service the defeased debt, the District is not required to service any portion of this debt directly. Accordingly, this general obligation bond debt is not included in the long-term obligations schedule or on the balance sheet at June 30, 2002. Similarly, as no obligation is recorded neither are the funds held on deposit with the trustee, which will be used to service that obligation.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 10 - LONG-TERM DEBT - (Continued)**

**D. Current Year Activity**

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences and the pension benefit obligation will ultimately be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
<u>General Obligation Bonds:</u>				
Series 2002, improvement bond	\$ -	\$5,750,000	\$ -	\$ 5,750,000
Series 2000, improvement 5.94%, 12/01/30 maturity	7,660,000	-	(190,000)	7,470,000
Series 1999, refunding 5.75%, 12/01/24 maturity	12,165,000	-	(170,000)	11,995,000
Series 1993	960,000	-	(140,000)	820,000
<u>Capital Appreciation Bonds:</u>				
Series 2000, improvement 8.4311% (average effective) 12/01/12, 13, 14, & 15 maturity	340,000	-	-	340,000
Series 1999, refunding 12/01/09, 10, 11, 12 & 13 maturity	299,704	-	-	299,704
Series 1993, 12/01/07, 08, 09, 10, 11, 12 & 13 maturity	129,790	-	-	129,790
<u>Accreted Interest</u>				
Series 2000, improvement	19,947	28,260	-	48,207
Series 1999, refunding	-	457,552	-	457,552
Series 1993, 5.53%, 12/01/13 maturity	-	<u>306,822</u>	-	<u>306,822</u>
Total, general obligation bonds	<u>21,574,441</u>	<u>6,542,634</u>	<u>(500,000)</u>	<u>27,617,075</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 10 - LONG-TERM DEBT - (Continued)**

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
<u>Other Obligations:</u>				
Compensated absences	\$ 1,326,548	\$ 211,647	\$ -	\$ 1,538,195
Pension benefit obligation	133,920	144,572	(133,920)	144,572
Capital lease	<u>342,504</u>	<u>394,075</u>	<u>(251,251)</u>	<u>485,328</u>
Total, other obligations	<u>1,802,972</u>	<u>750,294</u>	<u>(385,171)</u>	<u>2,168,095</u>
Total, all general long-term liabilities	<u>\$23,377,413</u>	<u>\$7,292,928</u>	<u>\$(885,171)</u>	<u>\$29,785,170</u>

**E. Amortization Schedule**

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2002 are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>General Obligation</u> <u>and Refunding</u> <u>Term Bonds</u>	<u>Capital Appreciation</u> <u>General Obligation</u> <u>Bonds</u>	<u>Total</u>
2003	\$ 2,153,185	\$ -	\$ 2,153,185
2004	2,105,533	-	2,105,533
2005	1,974,026	-	1,974,026
2006	1,978,963	-	1,978,963
2007	2,010,847	-	2,010,847
2008 - 2012	8,123,468	2,540,000	10,663,468
2013 - 2017	8,906,158	2,610,000	11,516,158
2018 - 2022	11,414,508	-	11,414,508
2023 - 2027	8,771,198	-	8,771,198
2028 - 2031	<u>3,232,956</u>	<u>-</u>	<u>3,232,956</u>
Total obligation	50,670,842	5,150,000	55,820,842
Less: interest	<u>(24,465,842)</u>	<u>(4,380,509)</u>	<u>(28,846,351)</u>
Total principal	<u>\$ 26,205,000</u>	<u>\$ 769,491</u>	<u>\$ 26,974,491</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 10 - LONG-TERM DEBT - (Continued)**

**F. Note Payable**

During fiscal 2002, the District retired a \$5,750,000 bond anticipation note. Debt service activity for these notes has been reported in the Building fund (Capital Projects fund), which received the proceeds upon issuance on a GAAP basis and in the Debt Service fund on a cash basis.

The following is a description of the District's bond anticipation note activity during fiscal year 2002:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Outstanding 07/01/2001</u>	<u>Issued in 2002</u>	<u>Retired in 2002</u>	<u>Notes Outstanding 06/30/2002</u>
School							
Improvements Note	4.77%	12/07/00	12/06/01	<u>\$5,750,000</u>	<u>\$ -</u>	<u>\$(5,750,000)</u>	<u>\$ -</u>

**G. Legal Debt Margin**

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

The effects of these debt limitations for the District at June 30, 2002 are a voted debt margin of \$23,077,261 (including available funds of \$316,014) and an unvoted debt margin of \$561,830.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains two enterprise funds to account for the operations of food services and uniform school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2002.

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$ 674,389	\$101,341	\$ 775,730
Depreciation	13,998	-	13,998
Operating loss	(189,488)	(5,663)	(195,151)
Non-operating revenue:			
Operating grants	73,324	-	73,324
Donated commodities	32,038	-	32,038
Capital contributions	112,035	-	112,035
Net income/(loss)	11,368	(5,663)	5,705
Net working capital	(60,547)	73,647	13,100
Total assets	257,236	73,647	330,883
Total liabilities	135,376	-	135,376
Contributed capital	3,731	-	3,731
Total retained earnings	118,129	73,647	191,776
Encumbrances outstanding as of 6/30/02	-	3,717	3,717

**NOTE 12 - 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 2002, The District purchased from Nationwide Insurance Company (through the Ohio School Boards Association) general liability insurance, which carried a \$1 million per occurrence/\$3 million annual aggregate limitation.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 12 - RISK MANAGEMENT - (Continued)**

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 2001.

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

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

*OSBA WORKERS' COMPENSATION GROUP RATING*

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2002; 5.46 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$506,188, \$550,287, and \$509,666, respectively; 50.21 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$252,048, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent for 2002; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,654,103, \$1,699,104, and \$1,597,430, respectively; 83.56 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$271,924, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2002, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$531,676 during fiscal 2002.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$346,420 during the 2002 fiscal year.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

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

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
Budget basis	\$(640,033)	\$(129,898)	\$ (148,743)	\$(8,943,876)
Net adjustment for revenue accruals	265,188	44,879	38,113	51,521
Net adjustment for expenditure accruals	110,917	28,547	2,869,055	2,511,459
Net adjustment for other financing sources/(uses)	332,634	-	(6,023,513)	6,023,513
Adjustment for encumbrances	<u>592,336</u>	<u>28,974</u>	<u>3,154,458</u>	<u>-</u>
GAAP basis	<u>\$ 661,042</u>	<u>\$ (27,498)</u>	<u>\$ (110,630)</u>	<u>\$ (357,383)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 16 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the general purpose financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

**B. Litigation**

The District is a party to legal proceedings. The District's 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.

**C. School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a timeline for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**NOTE 16 - CONTINGENCIES - (Continued)**

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The District is currently unable to determine what effect, if any, this decision will have on its future state funding and on its financial operations.

**NOTE 17 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2001	\$(367,213)	\$ (5,548,970)	\$547,582	\$34,698
Current year set-aside requirement	415,062	415,062	-	-
Qualifying disbursements	<u>(492,311)</u>	<u>(6,248,398)</u>	<u>-</u>	<u>-</u>
Total	<u>\$(444,462)</u>	<u>\$(11,382,306)</u>	<u>\$547,582</u>	<u>\$34,698</u>
Cash balance carried forward to FY 2003	<u>\$(444,462)</u>	<u>\$(5,548,970)</u>	<u>\$547,582</u>	<u>\$34,698</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 17 - STATUTORY RESERVES - (Continued)**

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as designated fund balance in the general fund since the School Board reestablished a budget stabilization reserve in accordance with ORC Section 5705.13 by June 30, 2002. The balance in the budget stabilization designation at June 30, 2002, was \$547,582. The District is still required by state law to maintain the textbook reserve and the capital acquisition reserve.

The District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may be used to reduce the set-aside requirement for future years. The amount of qualifying disbursements exceeding the set-aside requirement in the textbooks reserve may be carried forward to reduce the set-aside requirement for future years.

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for BWC refunds	<u>\$34,698</u>
Total restricted assets	<u><u>\$34,698</u></u>

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the District had the following contractual commitments outstanding related to the renovations and additions to the high school and Monclove Elementary School. A summary of the primary contractual commitments follows:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment at 6/30/02</u>
F. P. Bucher & Son	\$5,557,700	\$5,090,175	\$467,525
HPH Mechanical	432,419	26,141	406,278
GEM Industrial	778,485	695,357	83,128
Border Fire Protection	19,900	12,963	6,937
L.R. Babcock P & H	256,411	223,673	32,738

## **SUPPLEMENTAL DATA**

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (B) Food Distribution	10.550	N/A	\$ -	\$ 43,732	\$ -	\$ 32,038
(A) (C) National School Lunch	10.555	048207-LL-P4-2001	4,756		4,756	
(A) (C) National School Lunch	10.555	048207-LL-P4-2001	12,206		12,206	
(A) (C) National School Lunch	10.555	048207-LL-P4-2002	52,003		52,003	
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<b>68,965</b>	<b>43,732</b>	<b>68,965</b>	<b>32,038</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I	84.010	048207-C1-S1-1999	-		13,633	
Title I	84.010	048207-C1-S1-2000	-		18,097	
Title I	84.010	048207-C1-S1-2001-C	13,740		-	
Title I	84.010	048207-C1-S1-2001	13,631		27,167	
Title I	84.010	048207-C1-S1-2002	133,558		129,690	
<b>Total Title I</b>			<b>160,929</b>		<b>188,587</b>	
Title VI-B	84.027	048207-6B-SF-2000-P	547		-	
Title VI-B	84.027	048207-6B-SF-2001-P	18,195		38,711	
Title VI-B	84.027	048207-6B-SF-2002-P	98,873		121,152	
<b>Total VI-B</b>			<b>117,615</b>		<b>159,863</b>	
Safe and Drug-Free Schools	84.186	048207-DR-S1-2000	-		74	
Safe and Drug-Free Schools	84.186	048207-DR-S1-2001	-		7,395	
Safe and Drug-Free Schools	84.186	048207-DR-S1-2002	13,430		13,430	
<b>Total Safe and Drug-Free Schools</b>			<b>13,430</b>		<b>20,899</b>	
Eisenhower Professional Development	84.281	048207-MS-S1-2001	-		2,894	
Eisenhower Professional Development	84.281	048207-MS-S1-2002	13,227		11,666	
<b>Total Eisenhower Professional Development</b>			<b>13,227</b>		<b>14,560</b>	
Innovative Educational Program Strategies	84.298	048207-C2-S1-2000	-		1,291	
Innovative Educational Program Strategies	84.298	048207-C2-S1-2001	-		7,513	
Innovative Educational Program Strategies	84.298	048207-C2-S1-2002	18,731		16,803	
<b>Total Innovative Educational Program Strategies</b>			<b>18,731</b>		<b>25,607</b>	
Virtual Learning	84.318	048207-TF-VL-2000	9,000		-	
Title VI-R - Class Size Reduction	84.340	048207-CR-S1-2001	-		4,242	
Title VI-R - Class Size Reduction	84.340	048207-CR-S1-2002	46,471		36,793	
<b>Total Title VI-R - Class Size Reduction</b>			<b>46,471</b>		<b>41,035</b>	
<b>Total U.S. Department of Education</b>			<b>379,403</b>		<b>450,551</b>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:</b>						
Community Alternative Funding System Program	93.778	N/A	293,874		293,874	
<b>Total Federal Financial Assistance</b>			<b>\$ 742,242</b>	<b>\$ 43,732</b>	<b>\$ 813,390</b>	<b>\$ 32,038</b>

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



# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
Anthony Wayne Local School District  
11012 Shepler  
Whitehouse, Ohio 43571

We have audited the general purpose financial statements of Anthony Wayne Local School District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated December 10, 2002. 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.

### Compliance

As part of obtaining reasonable assurance about whether Anthony Wayne Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-AWLSD-001, 2002-AWLSD-002 and 2002-AWLSD-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of Anthony Wayne Local School District in a separate letter dated December 10, 2002.

Board of Education  
Anthony Wayne Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anthony Wayne Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Anthony Wayne School District in a separate letter dated December 10, 2002.

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

Trimble, Julian & Grube, Inc.  
December 10, 2002

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **Report on Compliance With Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Education  
Anthony Wayne Local School District  
11012 Shepler  
Whitehouse, Ohio 43571

### Compliance

We have audited the compliance of Anthony Wayne Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2002. Anthony Wayne Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Anthony Wayne Local School District's management. Our responsibility is to express an opinion on Anthony Wayne Local School District's compliance based on our audit.

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

Board of Education  
Anthony Wayne Local School District

In our opinion, Anthony Wayne Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2002.

#### Internal Control Over Compliance

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

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

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

Trimble, Julian & Grube, Inc.  
December 10, 2002

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
JUNE 30, 2002**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
----------------------------------------

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
JUNE 30, 2002**

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

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

Finding Number	2002-AWLSD-001
----------------	----------------

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

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

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Other Grants	\$ 6,441
Special Revenue	Auxiliary Services (NPSS)	100,000
Special Revenue	Management Information Services	2,000
Special Revenue	Title VI-B - Special Education	6,101
Special Revenue	Title I	1,844
Debt Service	Bond Retirement	5,142,098

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

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
JUNE 30, 2002**

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

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

Finding Number	2002-AWLSD-002
----------------	----------------

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

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

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
Special Revenue	Public School Support	\$ 86,967
Special Revenue	District Managed Student Activity	337,048
Special Revenue	Auxiliary Services (NPSS)	1,263
Special Revenue	Management Information System	1,718
Special Revenue	SchoolNet Professional Development	4,142
Special Revenue	Ohio Reads	8,000
Special Revenue	Education for Economic Security (EESA) and National Defense Education Act (NDEA)	2,247
Special Revenue	Title VI-B - Special Education	8,929
Special Revenue	Title I	4,586
Special Revenue	Innovative Education Program Strategies	6,661
Special Revenue	Drug Free School Grant	6,876
Special Revenue	Miscellaneous Federal Grants	36,793
Debt Service	Bond Retirement	278,293
Capital Projects	Building Fund	3,226,316
Capital Projects	SchoolNet	9,000
Enterprise	Food Services	39,872
Enterprise	Uniform School Supplies	65,825

With expenditures exceeding appropriations, the District is unlawfully expending monies that have not been appropriated. Thus, the District could overspend in a fund and cause a fund deficit.

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

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
JUNE 30, 2002**

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

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

Finding Number	2002-AWLSD-003
----------------	----------------

Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.

It was noted during the audit that at June 30, 2002, the District maintained negative cash balance in the Title VI-B special revenue fund of \$22,278. For GAAP purposes, this amount has been reported as a fund liability of the fund.

The District has spent monies not available to that fund and thus causing noncompliance. No fund should have a negative cash fund balance throughout the year or at year end.

We recommend that the District properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the District should advance or transfer funds from the General Fund with proper Board approval.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



**ANTHONY WAYNE LOCAL SCHOOL DISTRICT  
LUCAS COUNTY  
JUNE 30, 2002**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2001-48207-001	Ohio Revised Code Section 5705.39	Not Corrected	The District is attempting to more closely and timely monitor its appropriations and resources.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 11, 2003**