

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

ANTHONY WAYNE LOCAL
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2004

PREPARED BY
TREASURER'S DEPARTMENT
ANTHONY SWARTZ CPA, TREASURER

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**Auditor of State
Betty Montgomery**

Board of Education
Anthony Wayne Local School District
9565 Bucher Road
PO Box 2487
Whitehouse, Ohio 43571

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, 2003 to June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 28, 2005

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INTRODUCTORY SECTION

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Anthony Wayne Local Schools

Lucas County

Anthony Wayne Administrative Center
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January 20, 2005

Board of Education Members and Citizens of the Anthony Wayne Local School District:

Superintendent
Randy J. Hardy, Ed.S.

Treasurer
Anthony Swartz, CPA

Assistant
Superintendent
Amy E. Miller, M.P.A.

Executive Director of
Curriculum & Instruction
Richard Heintschel, M. Ed.

Director of
Special Education
Mary Thompson, M. Ed.

Director of
Technology
Linda Hertzfeld, M. Ed.

Director of
Communications
Susan Cross, B.A.

Business Manager
Legal Counsel
Charles Burns, Esq.

As the Superintendent and Treasurer of the Anthony Wayne Local School District (the "District"), we are pleased to submit to you the first Comprehensive Annual Financial Report (CAFR) issued by the District. This report provides full disclosure of the financial operation of the District for the fiscal year ended June 30, 2004. This CAFR, which includes an opinion from Trimble, Julian & Grube, Inc., who performed the District's audit, conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be made available to the major taxpayers, the public library, financial rating services, and other interested parties.

The CAFR is comprised of three distinct sections:

- * The Introductory Section includes the table of contents, letter of transmittal, list of principal officials, and organizational chart
- * The Financial Section includes the independent auditor's report, a management's discussion and analysis, basic financial statements and explanatory notes, required supplementary information, and combining statements and individual fund schedules.
- * The Statistical Section includes various tables reflecting social and economic information, financial trends, and the fiscal capacity of the District.

General Introduction to the District

The District covers 76.8 square miles in southwestern Lucas County. Founded in 1950, the District includes the communities of Monclova Township, Providence Township, Waterville Township, and Middleton Township in Wood County, and the villages of Waterville and Whitehouse, along with small parts of the surrounding area.

The District ranks as the 106th largest in the State of Ohio among 613 public school districts and is the 4th largest of the 8 school districts located within Lucas County in terms of total enrollment. As of January 2005, 4,083 students were enrolled in the District's six schools. Buildings include Anthony Wayne High School (grades 9-12), Anthony Wayne Junior High School (grades 7-8), Fallen Timbers Middle School (grades 5-6), Monclova Primary School (grades K-4), Waterville Primary School (grades K-4), and Whitehouse Primary School (grades K-4). The District also operates a transportation center, an administration building, and a maintenance/resource center.

The District employs 180 non-certified staff members and 253 certificated staff members. The certified staff members include 17 administrators and 236 full-time and part-time teachers. Of the 236-member teaching staff, 48% have at least a master's degree. The District faculty averages 18 years of teaching experience. Currently the District has 1 teacher who has attained National Board Certification. Classroom teachers at all levels are supported by specialists in reading, technology, art, music and physical education. The District's Pupil Personnel Services include school health and psychological services, pupil appraisal, counseling and guidance services, and speech-language and hearing services at all levels.

The District provides a full range of educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels, and a broad range of co-curricular and extracurricular activities, adult and community education offerings, and special education services. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a non-major governmental fund.

The Reporting Entity and Services Provided

The District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments and organizations making up the District (the primary government) and its component units. A complete discussion of the District's reporting entity is provided in Note 2 to the basic financial statements.

The Villages of Whitehouse and Waterville, and Monclova, and Providence Townships have all been excluded from the accompanying financial statements. Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. The Northwest Ohio Computer Association (NWOCA) and the Penta County Joint Vocational School are reported as jointly governed organizations.

The Anthony Wayne Board of Education is a body politic and corporate charges with the responsibility of managing and controlling affairs of the District and is, with the District, governed by laws of the State. The Board is comprised of five members elected for overlapping four calendar year terms.

The Superintendent is the chief administrative officer of the District, responsible for both education and support operations. The Treasurer is the chief financial officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as specified by Ohio law.

Economic Conditions and Outlook

Although the Anthony Wayne community started out as a largely rural area, it has grown to include a well balanced residential, industrial, and business base.

The District's general area is served by diversified transportation facilities. Immediate access is available to several State and U.S. highways, including St. Rt. 64, St. Rt. 295, U.S. 24, I-75 and I-475.

Dana Corporation recently completed a \$70,000,000 research and development facility within the District which will have a very positive impact in terms of tax/abatement revenues beginning July 2005. This facility will also attract a number of other related businesses which will have the same type of impact as well. At present, two other sites are under construction in the same industrial park.

Rexam Beverage Can Company in Whitehouse recently announced a \$17,000,000 improvement to their existing facility. This will be another additional source of revenue for the District. This project is slated to begin March 1, 2005.

General Growth Properties, Inc. is currently finalizing plans for a large mall project located in the District, with an estimated cost of \$98,400,000. Construction is expected to begin this spring. This will have a significant positive financial impact on the District. It is sure to generate a great deal of additional growth in the surrounding areas.

Finally, there are a number of smaller commercial, retail, and industrial projects that have been granted zoning approval that will be coming on line in the years to come. These will all be a welcome and important part of the future financial stability of the District, and will complement the large residential/agricultural tax base of the Anthony Wayne Local Schools.

Major commercial banks with offices within the District include National City, Fifth Third, First Federal Savings of Delta, Sky Bank, Huntington Bank, and Key Bank.

One daily newspaper serves the District. The District falls within the local broadcast area of five network television stations and 22 local AM and FM radio stations.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities, including Bowling State University, the University of Toledo, Lourdes College, and Owens Community College.

A number of hospitals and several adult and adolescent residential treatment centers are located in the area of the District.

Lucas County provides numerous golf, tennis, and swimming facilities all accessible to residents of the District.

There are many cultural activities available in northwest Ohio including the Toledo Museum of Art, COSI, the Toledo Zoo, the Toledo Botanical Gardens, the Toledo Area MetroParks, the Toledo Ballet, the Toledo Symphony, the Toledo Repertoire Theater, and the Toledo Opera. The community is also home to the Toledo Mud Hens baseball team and the Toledo Storm Hockey team.

Major Initiatives for the Year

The District was proud to score a perfect 18/18 on the state of Ohio's Local Report card for the 2003/04 school year and an "Excellent" rating – the state's highest honor. This is the third consecutive year that the District has earned an "Excellent" rating and its fourth time in five years to receive this award. District officials credit hardworking students, a dedicated and highly qualified staff, and outstanding parent and community support for these honors. The District was one of only 18% of school districts across the state to earn these top honors.

This year, the District completed Vision for the Future IV, the District's fourth consecutive continuous improvement strategic plan. Vision IV was compiled over an 18-month period by Board members, administration, faculty and staff, students, parents, and community members all working together to establish a common vision for the future of the District. Since the first strategic plan was adopted in 1993, the District has directed all efforts toward accomplishing the identified goals in an integrated manner. Over the years, Vision for the Future has helped lead Anthony Wayne Schools to a position of academic strength, fiscal responsibility, and public accountability.

Key initiatives in Vision IV address desired achievements in Student Learning Outcomes (providing the resources and strategies necessary for successful students), Staff Recognition, Communications, Certified Staff Professional Development, Support Operations (Maintenance, Bus Drivers, Food Service, Clerical, and Technology Service), Facilities Needs, and Fiscal Management & Planning.

The District also updated its demographic records by completing a major study to track growth. In the late 20th Century and the first two years of the 21st Century, the District's enrollment increased by about 50-75 students annually. In the last three years, enrollment has increased by 125 – 200 students annually, a significant leap from previous estimates. The Demographic Study, presented to the Board of Education in September 2004, tracked known housing developments (single family homes, villas, condominiums) over the ten-year period of 2004 – 2014. The study researched data provided by individual builders and developers, township officials, zoning officials, the Lucas County Planning Commission, the Wood County Planning Commission, and village and township administrators and operations directors in each attendance area across the District. Essentially, the study showed that the District will add 3,330 single family homes, villas, and condos over the next ten years – a potential addition of 1,700 students (based on historical data of .79 students per household).

District officials estimate that the District can absorb about 250-500 additional students in its current facilities, assuming that they all enter at the right grade levels and at the right time. The District, however, has initiated a Facilities Planning Study to determine how best to handle what it anticipates will be a 6,500 student school district with about 500 students at each grade level K-12.

Major Initiatives for the Future

The District's major academic initiative is its efforts to maintain its current "Excellent" state rating and to begin to fulfill its stated academic goals for student learning from its long range strategic plan. To accomplish both of these goals, the administration and teaching staff are further integrating technology into the classroom experience. The District is also continuing to modify its strategies to help students progress from grade level to grade level with success. As part of this process, the District is working to continue challenging the highest achievers while at the same time reducing the gap between the highest and lowest performing students.

One of the District's major financial initiatives is maintaining healthy fund balances in the midst of decreasing state funding and increasing enrollment. The District is currently at the beginning of the collection cycle of its most recent Operating Levy – a five-year emergency levy, which generates \$3 million annually for operations. As part of its Vision for the Future IV long range plan, the District is enhancing internal fiduciary responsiveness and accountability as it continues to grow. This involves training administrative members to operate from a zero budget rather than a set budget and to use online resources to track spending more efficiently.

The District's most obvious external initiative for the future is its Facilities Planning Study, which was initiated in the winter/spring of 2004 and will move into the public arena in various forums in the 2004/05 school year. In short, the District cannot continue its current high levels of academic excellence and service without making significant changes to its facilities to handle current and anticipated enrollment increases. The administration has researched and developed several plans, which it will be presenting to the Board of Education and community throughout the year to generate discussions (and solutions) to this issue. This process of community engagement and ownership to the District is part of the District's culture and has been embedded in its long range planning throughout its history. No specific dates for facilities expansion have yet been determined by the Board of Education; however, district officials anticipate that a construction timeline will mirror the growth projections from demographics studies.

Financial Information

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from their implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

In addition to the internal control structure mentioned above, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all funds. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Unencumbered amounts lapse at year-end. A complete description of the District's Budgetary Process can be found in Note 2.E. to the basic financial statements.

Financial Condition

For the fiscal year ending June 30, 2004, the District continued to report in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The new basic financial statements for reporting on the District's financial activities are as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District did not have any business-type activities.

Fund financial statements: These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

Schedule of budgetary comparisons: This schedule presents comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Discussion and Analysis of the District. This discussion appears after the Report of Independent Auditors in the financial section of this report. The Management Discussion and Analysis provides an assessment of the District's finances for 2004.

Independent Audit

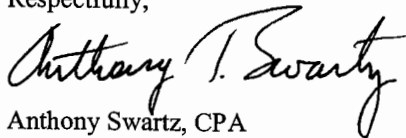
State statute requires an annual audit by independent auditors. Trimble, Julian & Grube, Inc. conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards including a review of internal accounting controls and tests of compliance with Federal and State laws and regulations. The Independent Auditor's Report is included in this CAFR.

Acknowledgements

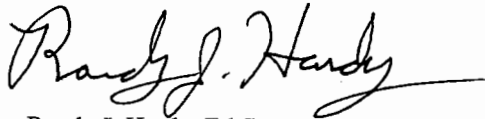
The publication of this report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office and various administrators and employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to our consultants, Trimble, Julian and Grube, Inc., who audited this report. Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully,



Anthony Swartz, CPA
Treasurer/CFO



Randy J. Hardy, Ed.S.
Superintendent

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

PRINCIPAL OFFICERS
JUNE 30, 2004

BOARD OF EDUCATION

Gary Roser	President
Cynthia A. Box	Vice - President
Donald Atkinson	Member
John W. Rozic	Member
Douglas Zimmerman	Member

SUPERINTENDENT

Randy J. Hardy, Ed. S.

TREASURER

Anthony Swartz, CPA

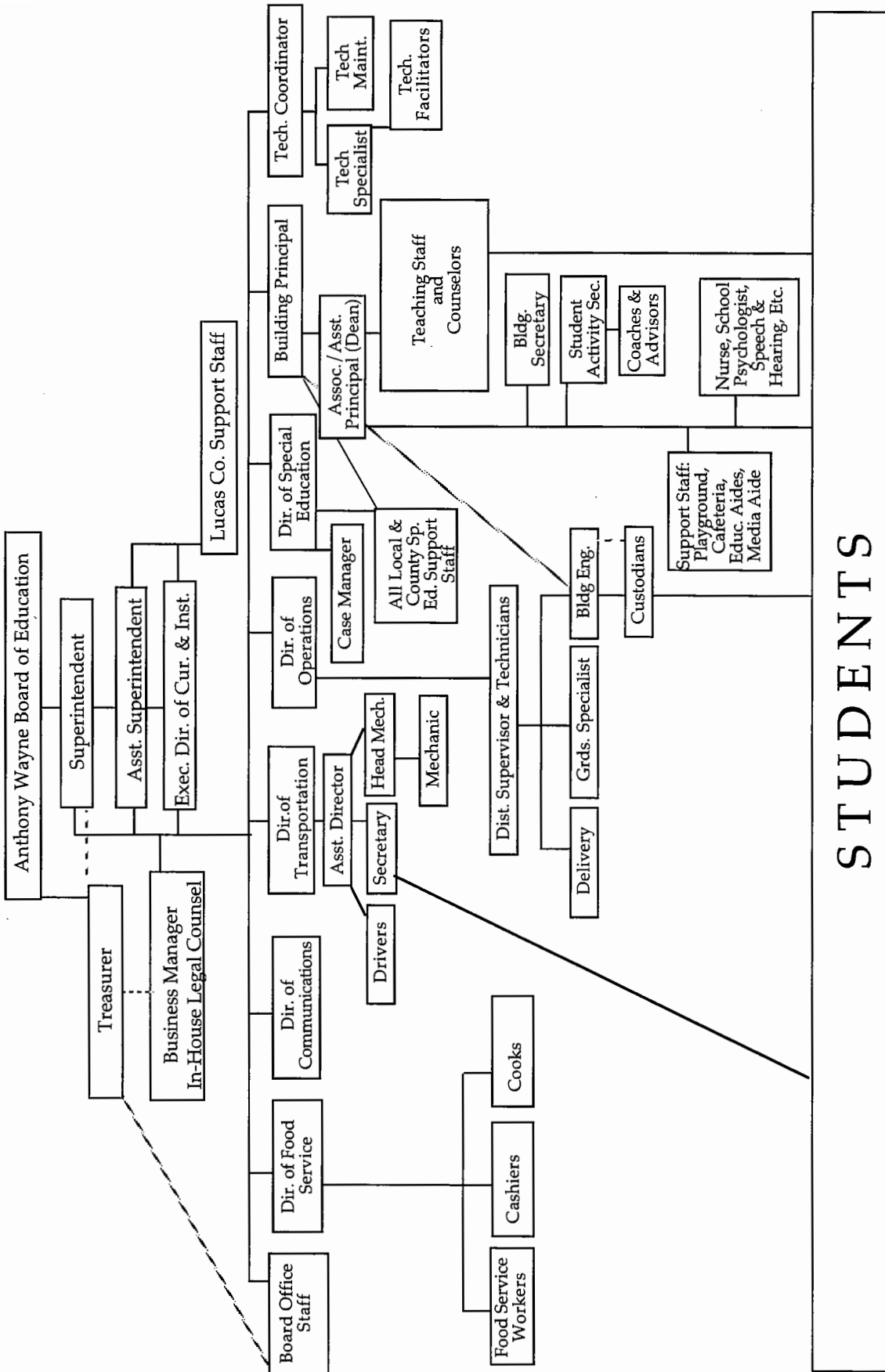
ASSISTANT SUPERINTENDENT

Amy E. Miller, M.P.A.

ADMINISTRATIVE STAFF

Richard Heintschel, M.Ed.	Executive Director of Curriculum & Instruction
Mary Thompson, M. Ed.	Director of Special Education
Linda Hertzfeld, M.Ed.	Director of Technology
Susan Cross, B.A.	Director of Communications
Charles Burns, Esq.	Business Manager/Legal Counsel

ANTHONY WAYNE LOCAL SCHOOLS ORGANIZATIONAL CHART



STUDENTS

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FINANCIAL SECTION

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, OH 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report

Board of Education
Anthony Wayne Local School District
9565 Bucher Road
P.O. Box 2487
Whitehouse, Ohio 43571

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Wayne Local School District, Lucas County (the “District”) as of and for the fiscal year ended June 30, 2004, which collectively comprise the District’s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Anthony Wayne Local School District’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Wayne Local School District, Lucas County, Ohio, as of June 30, 2004, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the District had a prior period restatement to properly restate the intergovernmental payable liability.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Page Two
Independent Auditor's Report
Anthony Wayne Local School District

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Trimble, Julian & Grube, Inc.
January 20, 2005

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The discussion and analysis of the Anthony Wayne Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- In total, net assets of governmental activities decreased \$2,307,010 which represents a 86.60% decrease from 2003.
- General revenues accounted for \$27,262,052 in revenue or 90.63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,819,796 or 9.37% of all revenues. The District had total revenues of \$30,081,848.
- The District had \$32,388,858 in expenses related to governmental activities; only \$2,819,796 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$27,262,052 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and building fund. The general fund had \$27,008,634 in revenues and other financing sources and \$28,359,527 in expenditures. During fiscal 2004, the general fund's restated deficit fund balance increased \$1,349,621 from \$575,246 to \$1,924,867.
- The building fund had \$2,947,942 in revenues and other financing sources and \$382,956 in expenditures. During fiscal 2004, the building fund's fund balance increased \$2,564,986 from \$245,384 to \$2,810,370.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages F13-F14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page F9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and building fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages F15-F19 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F20 and F21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2004 and 2003.

	Net Assets	
	Governmental Activities 2004	(Restated) Governmental Activities 2003
<u>Assets</u>		
Current and other assets	\$ 27,831,504	\$ 22,664,743
Capital assets	<u>25,971,295</u>	<u>25,327,086</u>
Total assets	<u>53,802,799</u>	<u>47,991,829</u>
<u>Liabilities</u>		
Current liabilities	25,549,591	21,135,756
Long-term liabilities	<u>33,224,140</u>	<u>29,519,995</u>
Total liabilities	<u>58,773,731</u>	<u>50,655,751</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	(1,034,738)	(2,493,226)
Restricted	1,018,991	952,922
Unrestricted	<u>(4,955,185)</u>	<u>(1,123,618)</u>
Total net assets	<u>\$ (4,970,932)</u>	<u>\$ (2,663,922)</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the District's liabilities exceeded assets by \$4,970,932. At year-end, restricted net assets were \$1,018,991.

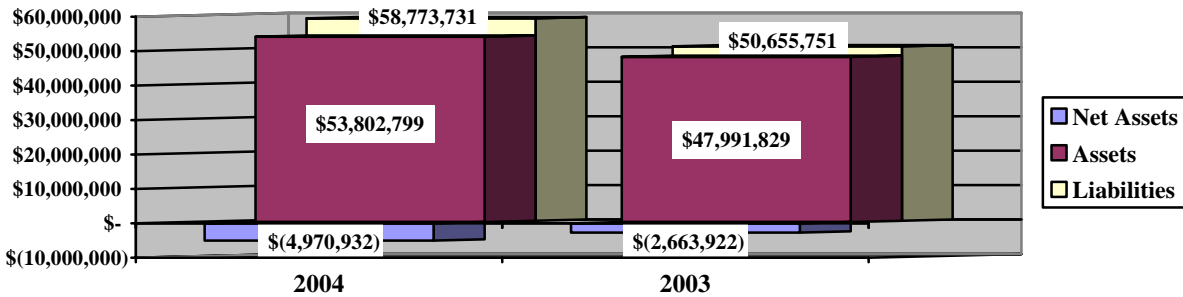
At year-end, capital assets represented 48.27% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2004, were (\$1,034,738). These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

A portion of the District's net assets, \$1,018,991, represents resources that are subject to external restriction on how they may be used. The remaining deficit of unrestricted net assets of \$4,955,185 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal year 2004 and 2003.

Change in Net Assets

	Governmental Activities 2004	(Restated) Governmental Activities 2003
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,759,593	\$ 1,757,112
Operating grants and contributions	1,060,203	889,377
Capital grants and contributions	-	27,520
General revenues:		
Property taxes	17,876,169	15,256,462
Grants and entitlements	9,250,022	8,531,787
Investment earnings	55,339	96,770
Other	80,522	192,112
Special item:		
Gain of sale of capital assets	-	7,618
Total revenues	30,081,848	26,758,758

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Change in Net Assets

	Governmental Activities 2004	(Restated) Governmental Activities 2003
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 14,675,777	\$ 14,202,382
Special	1,964,377	1,844,591
Vocational	241,204	261,117
Support services:		
Pupil	1,116,212	847,074
Instructional staff	927,593	952,336
Board of education	1,036,956	725,808
Administration	2,156,726	1,939,169
Fiscal	750,919	494,612
Business	108,338	82,501
Operations and maintenance	3,950,069	3,535,547
Pupil transportation	1,870,685	1,378,859
Central	48,533	35,041
Operations of non-instructional services	53,378	160,977
Food service operations	899,768	768,633
Extracurricular activities	957,185	803,152
Intergovernmental pass through	102,236	-
Interest and fiscal charges	<u>1,528,902</u>	<u>1,485,741</u>
Total expenses	<u>32,388,858</u>	<u>29,517,540</u>
Change in net assets	(2,307,010)	(2,758,782)
Net assets at beginning of year (restated)	<u>(2,663,922)</u>	<u>94,860</u>
Net assets at end of year	<u>\$ (4,970,932)</u>	<u>\$ (2,663,922)</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$2,307,010. Total governmental expenses of \$32,388,858 were offset by program revenues of \$2,819,796 and general revenues of \$27,262,052. Program revenues supported 8.71% of the total governmental expenses.

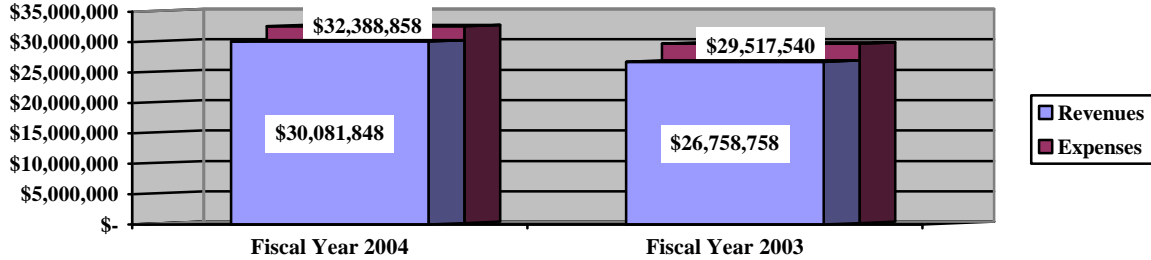
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 90.17% of total governmental revenue. Real estate property is reappraised every six years

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2004 and 2003.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

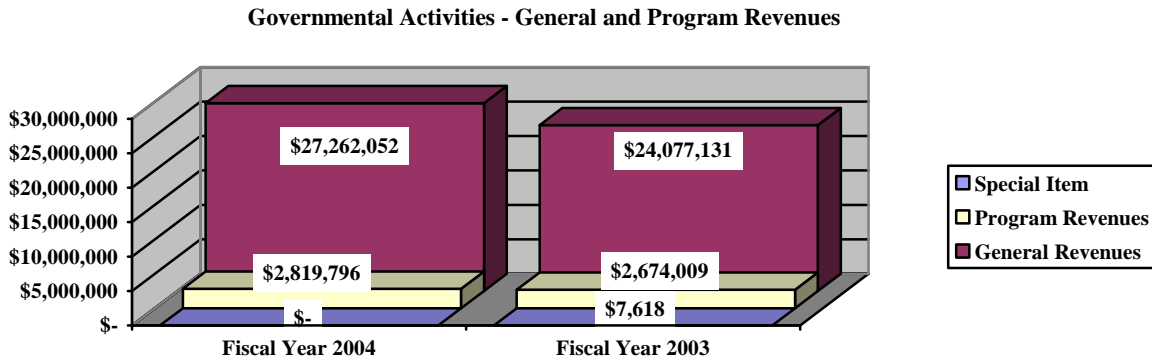
	Total Cost of Services 2004	Net Cost of Services 2004	(Restated) Total Cost of Services 2003	(Restated) Net Cost of Services 2003
Program expenses				
Instruction:				
Regular	\$ 14,675,777	\$ 13,988,136	\$ 14,202,382	\$ 13,415,283
Special	1,964,377	1,749,040	1,844,591	1,538,620
Vocational	241,204	241,204	261,117	261,117
Support services:				
Pupil	1,116,212	929,028	847,074	828,868
Instructional staff	927,593	878,958	952,336	830,295
Board of education	1,036,956	1,036,956	725,808	725,808
Administration	2,156,726	2,125,976	1,939,169	1,912,780
Fiscal	750,919	750,919	494,612	494,612
Business	108,338	108,338	82,501	68,449
Operations and maintenance	3,950,069	3,950,069	3,535,547	3,511,061
Pupil transportation	1,870,685	1,870,207	1,378,859	1,378,859
Central	48,533	16,685	35,041	3,900
Operations of non-instructional services	53,378	(111,299)	160,977	(15,389)
Food service operations	899,768	(41,968)	768,633	(44,456)
Extracurricular activities	957,185	547,911	803,152	451,965
Intergovernmental pass through	102,236	-	-	-
Interest and fiscal charges	<u>1,528,902</u>	<u>1,528,902</u>	<u>1,485,741</u>	<u>1,481,759</u>
Total expenses	\$ 32,388,858	\$ 29,569,062	\$ 29,517,540	\$ 26,843,531

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

The dependence upon tax and other general revenues for governmental activities is apparent, 94.65% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 91.29%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2004 and 2003.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page F15) reported a combined fund balance of \$1,355,489, which is higher than last year's total of \$688,759. The June 30, 2003 fund balances have been restated as described in Note 3.A to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	Fund Balance June 30, 2004	(Restated) Fund Balance June 30, 2003	Increase (Decrease)
General	\$ (1,924,867)	\$ (575,246)	\$ (1,349,621)
Building	2,810,370	245,384	2,564,986
Other Governmental	469,986	1,018,621	(548,635)
Total	<u>\$ 1,355,489</u>	<u>\$ 688,759</u>	<u>\$ 666,730</u>

General Fund

The District's general fund deficit increased \$1,349,621 (after a restatement to the June 30, 2003, fund balance which is detailed in Note 3.A. to the basic financial statement). The increase in fund deficit can be attributed to expenditures increasing 13.07% and revenues only increasing 10.61%. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

	2004	(Restated) 2003	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 16,325,351	\$ 14,164,741	15.25 %
Tuition	334,407	461,365	(27.52) %
Earnings on investments	42,146	79,077	(46.70) %
Intergovernmental	9,026,099	8,373,498	7.79 %
Other revenues	<u>167,244</u>	<u>332,202</u>	(49.66) %
Total	<u>\$ 25,895,247</u>	<u>\$ 23,410,883</u>	10.61 %
<u>Expenditures</u>			
Instruction	\$ 15,532,301	\$ 14,568,460	6.62 %
Support services	11,047,403	9,719,555	13.66 %
Extracurricular activities	482,151	440,330	9.50 %
Facilities acquisition and construction	187,174	227,666	(17.79) %
Capital outlay	1,110,498	-	100.00 %
Debt service	<u>-</u>	<u>124,574</u>	(100.00) %
Total	<u>\$ 28,359,527</u>	<u>\$ 25,080,585</u>	13.07 %

Building Fund

The building fund had \$2,947,942 in revenues and other financing sources and \$382,956 in expenditures. During fiscal 2004, the building fund's fund balance increased \$2,564,986 from \$245,384 to \$2,810,370.

General Fund Budgeting Highlights

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

During the course of fiscal 2004, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$26,662,571, which was higher than the original budgeted revenues estimate of \$25,548,460. Actual revenues and other financing sources for fiscal 2004 was \$26,663,160. This represents a \$589 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$26,136,486 were increased to \$27,901,248 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$27,856,512, which was \$44,736 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$25,971,295 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. This entire amount is reported in governmental activities. The following table shows fiscal 2004 balances compared to 2003:

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

	Governmental Activities	
	2004	2003
Land	\$ 1,388,844	\$ 1,388,844
Land improvements	386,025	567,277
Building and improvements	20,573,618	21,101,235
Furniture and equipment	1,276,433	603,501
Vehicles	1,934,662	1,666,229
Construction in progress	411,713	-
Total	\$ 25,971,295	\$ 25,327,086

Total additions to capital assets for 2004 were \$1,760,804 and total disposals were \$12,732 (net of accumulated depreciation). The District recorded \$1,103,863 in depreciation expense for fiscal 2004.

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

Debt Administration

At June 30, 2004, the District had \$26,496,577 in general obligation bonds outstanding. Of this total, \$745,000 is due within one year and \$25,751,577 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2004	Governmental Activities 2003
General obligation bonds:		
Term	\$ 13,415,000	\$ 13,980,000
Capital appreciation	909,489	909,489
Accreted interest	1,367,088	1,084,777
Refunding	10,805,000	11,080,000
Total	\$ 26,496,577	\$ 27,054,266

See Note 10 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
UNAUDITED**

Current Financial Related Activities

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities. National events economically affect the District and the surrounding area. However, the District has a relatively small percentage of personal property tax base and collections and therefore is not affected negatively, to the degree of most districts during times of economic downturns.

The District has a strong financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. Overall, the District continues to perform at the highest level determined by the State of Ohio, which is measured by a defined set of proficiency criteria. Our most recent state report card shows the district students achieving 18 out of 18 with an "Excellent" rating.

As the preceding information shows, the District heavily depends on its property taxpayers. At present, the local taxpayers support represents approximately 70% of the total revenues of the District. Our communities' support was recently measured by one most outstanding accomplishment, in May of 2003 the community passed a \$3 million, 4.85 mill emergency operating levy. The support of this issue demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their communities. It was the first operating levy asked for in over 11 years.

The District communicates to its residents through a newsletter that is published and mailed to over 8,000 residences at least 9 times per year. They work to keep the taxpayers informed as they rely upon their support for the major part of its operations, and will continue to work diligently to plan expenses, staying carefully within the District's five-year financial plan. State law generally retards the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth normally forces the District to come back to the voters from time to time and ask for additional financial support. However, the District's general operating millage will no longer be rolled back as the District's operating millage has now dropped to the 20 mill floor. This is the lowest possible collection point for property tax collections allowed by law.

The District is also going through a period of tremendous growth. The student population has grown in the last three years at the rate of 160 students, 175 students and 200 students respectfully. It appears that there is no end in sight to the growth, and in fact we will probably see more rapid growth in the future. The rapid growth is also seen in the assessed property valuation of the District. The District went from an assessed valuation of approximately \$618,000,000 in 2002 to an assessed valuation of approximately \$703,000,000 in 2003 and approximately \$757,500,000 in 2004. Part of this increase from 2002 to 2003 was a result of the triennial update of property values in the District and the continued growth of new construction, primarily in the area of new homes. The increase from 2003 to 2004 was a result of the continued growth of new construction, primarily in the area of new homes.

As a result, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years. The current 5-year forecast tends to paint a stable picture over the next five years. However, it should be pointed out that the forecast and its results could change in a very short time period during the next five years.

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2004

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 4,250,663
Cash with escrow agent.	5,473
Receivables:	
Taxes	23,165,637
Accounts	39,522
Intergovernmental	308,745
Accrued interest	17,381
Prepayments	8,080
Materials and supplies inventory	36,003
Capital assets:	
Land	1,388,844
Construction in progress.	411,713
Depreciable capital assets, net.	24,170,738
Capital assets, net	25,971,295
 Total assets.	 53,802,799
Liabilities:	
Accounts payable.	54,822
Retainage payable	5,473
Accrued wages and benefits	2,936,011
Pension obligation payable.	713,326
Intergovernmental payable	166,611
Deferred revenue	21,545,415
Accrued interest payable	127,933
Long-term liabilities:	
Due within one year.	4,603,594
Due within more than one year	28,620,546
Total liabilities	58,773,731
Net Assets:	
Invested in capital assets, net of related debt.	(1,034,738)
Restricted for:	
Capital projects	985,486
Other purposes	33,505
Unrestricted (deficit)	(4,955,185)
Total net assets	\$ (4,970,932)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental activities:				
Instruction:				
Regular	\$ 14,675,777	\$ 507,344	\$ 180,297	\$ (13,988,136)
Special	1,964,377	-	215,337	(1,749,040)
Vocational	241,204	-	-	(241,204)
Support services:				
Pupil.	1,116,212	-	187,184	(929,028)
Instructional staff	927,593	-	48,635	(878,958)
Board of education	1,036,956	-	-	(1,036,956)
Administration.	2,156,726	24,865	5,885	(2,125,976)
Fiscal.	750,919	-	-	(750,919)
Business.	108,338	-	-	(108,338)
Operations and maintenance	3,950,069	-	-	(3,950,069)
Pupil transportation	1,870,685	478	-	(1,870,207)
Central	48,533	-	31,848	(16,685)
Operation of non-instructional services	53,378	39,224	125,453	111,299
Food service operations	899,768	778,408	163,328	41,968
Extracurricular activities.	957,185	409,274	-	(547,911)
Intergovernmental pass-through	102,236	-	102,236	-
Interest and fiscal charges	1,528,902	-	-	(1,528,902)
Total governmental activities	\$ 32,388,858	\$ 1,759,593	\$ 1,060,203	(29,569,062)
General Revenues:				
Property taxes levied for:				
General purposes				16,330,590
Debt service.				1,388,689
Capital projects				156,890
Grants and entitlements not restricted to specific programs.				9,250,022
Investment earnings				55,339
Miscellaneous				80,522
Total general revenues.				27,262,052
Change in net assets				(2,307,010)
Net assets at beginning of year (restated)				(2,663,922)
Net assets at end of year				\$ (4,970,932)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 328,592	\$ 2,810,370	\$ 1,077,003	\$ 4,215,965
Cash with escrow agent	-	-	5,473	5,473
Receivables:				
Taxes	20,419,484	-	2,746,153	23,165,637
Accounts	13,715	-	25,807	39,522
Intergovernmental	62,571	-	246,174	308,745
Accrued interest	17,381	-	-	17,381
Due from other funds	350,810	-	225,938	576,748
Interfund loans	226,925	-	-	226,925
Prepayments	8,080	-	-	8,080
Materials and supplies inventory	22,832	-	13,171	36,003
Restricted assets:				
Equity in pooled cash and cash equivalents	34,698	-	-	34,698
Total assets	<u>\$ 21,485,088</u>	<u>\$ 2,810,370</u>	<u>\$ 4,339,719</u>	<u>\$ 28,635,177</u>
Liabilities:				
Accounts payable	\$ 45,397	\$ -	\$ 9,425	\$ 54,822
Retainage payable	-	-	5,473	5,473
Accrued wages and benefits	2,836,993	-	99,018	2,936,011
Compensated absences payable	151,450	-	-	151,450
Pension obligation payable	417,902	-	11,426	429,328
Intergovernmental payable	161,108	-	5,503	166,611
Due to other funds	-	-	576,748	576,748
Interfund loans payable	-	-	226,925	226,925
Deferred revenue	19,797,105	-	2,935,215	22,732,320
Total liabilities	<u>23,409,955</u>	<u>-</u>	<u>3,869,733</u>	<u>27,279,688</u>
Fund Balances:				
Reserved for encumbrances	638,751	1,375,918	170,182	2,184,851
Reserved for materials and supplies inventory	22,832	-	13,171	36,003
Reserved for prepayments	8,080	-	-	8,080
Reserved for property tax unavailable for appropriation	420,713	-	24,745	445,458
Reserved for BWC refunds	34,698	-	-	34,698
Unreserved:				
Designated for budget stabilization	547,582	-	-	547,582
Undesignated (deficit), reported in:				
General fund	(3,597,523)	-	-	(3,597,523)
Special revenue funds	-	-	306,793	306,793
Debt service fund	-	-	(557,978)	(557,978)
Capital projects funds	-	1,434,452	513,073	1,947,525
Total fund balances (deficit)	<u>(1,924,867)</u>	<u>2,810,370</u>	<u>469,986</u>	<u>1,355,489</u>
Total liabilities and fund balances	<u>\$ 21,485,088</u>	<u>\$ 2,810,370</u>	<u>\$ 4,339,719</u>	<u>\$ 28,635,177</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2004

Total governmental fund balances		\$ 1,355,489
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		25,971,295
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 945,039	
Intergovernmental revenue	232,577	
Accrued interest	9,289	
Total		1,186,905
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	1,754,569	
Pension obligation payable	283,998	
General obligation bonds payable	26,496,577	
General obligation notes payable	2,945,000	
Lease purchases payable	865,000	
Capital lease obligation	1,011,544	
Accrued interest payable	127,933	
Total		(33,484,621)
Net assets of governmental activities		\$ (4,970,932)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 16,325,351	\$ -	\$ 1,541,001	\$ 17,866,352
Tuition	334,407	-	-	334,407
Transportation fees	478	-	-	478
Charges for services.	-	-	778,408	778,408
Earnings on investments.	42,146	325	3,579	46,050
Extracurricular.	-	-	401,428	401,428
Classroom materials and fees	59,270	-	113,398	172,668
Other local revenues.	107,496	2,250	243,033	352,779
Intergovernmental - State.	8,901,176	367	370,710	9,272,253
Intergovernmental - Federal	124,923	-	638,190	763,113
Total revenues.	<u>25,895,247</u>	<u>2,942</u>	<u>4,089,747</u>	<u>29,987,936</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,604,526	-	339,403	13,943,929
Special.	1,696,190	-	215,792	1,911,982
Vocational.	231,585	-	-	231,585
Support services:				
Pupil	917,557	-	211,269	1,128,826
Instructional staff	845,674	-	51,667	897,341
Board of education	1,036,212	-	-	1,036,212
Administration.	2,093,012	-	27,903	2,120,915
Fiscal	658,072	-	13,973	672,045
Business	90,648	-	6,172	96,820
Operations and maintenance.	3,585,726	-	-	3,585,726
Pupil transportation	1,813,352	-	-	1,813,352
Central.	7,150	-	49,857	57,007
Operation of non-instructional services	-	-	14,732	14,732
Food service operations	-	-	899,517	899,517
Extracurricular activities.	482,151	-	397,778	879,929
Facilities acquisition and construction	187,174	382,956	238,074	808,204
Capital outlay	1,110,498	-	-	1,110,498
Intergovernmental pass through	-	-	102,236	102,236
Debt service:				
Principal retirement	-	-	840,000	840,000
Interest and fiscal charges	-	-	1,232,912	1,232,912
Total expenditures	<u>28,359,527</u>	<u>382,956</u>	<u>4,641,285</u>	<u>33,383,768</u>
Excess of revenues under expenditures	<u>(2,464,280)</u>	<u>(380,014)</u>	<u>(551,538)</u>	<u>(3,395,832)</u>
Other financing sources:				
Proceeds from sale of capital assets.	2,889	-	-	2,889
Proceeds of capital lease transaction	774,498	-	-	774,498
Proceeds of lease purchase transaction	336,000	-	-	336,000
Proceeds from sale of notes.	-	2,945,000	-	2,945,000
Premium on sale of notes	-	-	10,103	10,103
Total other financing sources	<u>1,113,387</u>	<u>2,945,000</u>	<u>10,103</u>	<u>4,068,490</u>
Net change in fund balances	(1,350,893)	2,564,986	(541,435)	672,658
Fund balances (deficit) at beginning of year (restated)				
	(575,246)	245,384	1,018,621	688,759
Increase (decrease) in reserve for inventory				
	1,272	-	(7,200)	(5,928)
Fund balances (deficit) at end of year.	<u>\$ (1,924,867)</u>	<u>\$ 2,810,370</u>	<u>\$ 469,986</u>	<u>\$ 1,355,489</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Net change in fund balances - total governmental funds	\$	672,658
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,760,804) exceeds depreciation expense (\$1,103,863) in the current period.		656,941
Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. On the statement of activities, a gain or loss is reported for each disposal.		(12,732)
Governmental funds report expenditures for inventory when purchased. However, on the statement of activities, they are reported as an expense when consumed.		(5,928)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		93,912
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		840,000
Proceeds of notes and lease purchases are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		(4,055,498)
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(10,103)
Interest on long-term debt on the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and therefore requires the use of current financial resources. On the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported on the statement of activities is due to the accrued interest on bonds and accreted interest on the capital appreciation bonds		(295,990)
Some expenses reported on the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(190,270)
Change in net assets of governmental activities	\$	<u>(2,307,010)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 15,996,930	\$ 16,675,584	\$ 16,675,584	\$ -
Tuition.	319,701	330,815	330,815	-
Transportation fees	462	478	478	-
Earnings on investments.	45,831	46,523	46,523	-
Classroom materials and fees	56,948	58,928	59,270	342
Other local revenues	94,804	99,001	99,248	247
Intergovernmental - State	8,502,198	8,901,176	8,901,176	-
Intergovernmental - Federal.	63,729	65,944	65,944	-
Total revenues	<u>25,080,603</u>	<u>26,178,449</u>	<u>26,179,038</u>	<u>589</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,420,002	14,209,618	13,889,894	319,724
Special.	1,548,626	1,639,745	1,671,042	(31,297)
Vocational.	256,810	271,920	229,616	42,304
Support services:				
Pupil.	826,769	875,415	879,927	(4,512)
Instructional staff	885,991	938,122	858,244	79,878
Board of education	996,695	1,055,339	1,025,738	29,601
Administration.	1,835,409	1,943,402	2,056,434	(113,032)
Fiscal	596,733	631,844	655,619	(23,775)
Business	26,109	27,645	84,489	(56,844)
Operations and maintenance.	3,288,123	3,481,592	3,614,660	(133,068)
Pupil transportation	1,723,753	1,825,176	1,891,252	(66,076)
Central.	-	-	5,302	(5,302)
Extracurricular activities.	427,345	452,489	524,889	(72,400)
Facilities acquisition and construction.	302,973	320,800	241,265	79,535
Total expenditures	<u>26,135,338</u>	<u>27,673,107</u>	<u>27,628,371</u>	<u>44,736</u>
Excess of revenues over (under) expenditures.	<u>(1,054,735)</u>	<u>(1,494,658)</u>	<u>(1,449,333)</u>	<u>45,325</u>
Other financing sources (uses):				
Refund of prior year expenditures	40,116	41,511	41,511	-
Refund of prior year receipts	(1,148)	(1,216)	(1,216)	-
Advances in.	424,949	439,722	439,722	-
Advances (out)	-	(226,925)	(226,925)	-
Proceeds from sale of capital assets.	2,792	2,889	2,889	-
Total other financing sources (uses)	<u>466,709</u>	<u>255,981</u>	<u>255,981</u>	<u>-</u>
Net change in fund balance	(588,026)	(1,238,677)	(1,193,352)	45,325
Fund balance at beginning of year.	966,869	966,869	966,869	-
Prior year encumbrances appropriated	271,032	271,032	271,032	-
Fund balance at end of year	<u>\$ 649,875</u>	<u>\$ (776)</u>	<u>\$ 44,549</u>	<u>\$ 45,325</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 57,298	\$ 85,641
Total assets	57,298	\$ 85,641
Liabilities:		
Accounts payable	-	\$ 655
Intergovernmental payable	-	7,862
Due to students	-	77,124
Total liabilities	-	\$ 85,641
Net Assets:		
Held in trust for scholarships	57,298	
Total net assets	\$ 57,298	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 5,281
Total additions.	5,281
Deductions:	
Scholarships awarded	5,856
Change in net assets	(575)
Net assets at beginning of year	57,873
Net assets at end of year.	\$ 57,298

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 106th largest by enrollment among the 613 public school districts in the state. It currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 180 non-certified and 253 certified (including administrative) full-time and part-time employees to provide services to approximately 3,875 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The reporting entity is composed of the primary government, component units and other organization that are included to ensure that the basic 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, foods service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' government 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 have access to the organizations resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

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.

PUBLIC ENTITY RISK POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Building Fund - This fund is used to account for transactions associated with building construction and improvements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

D. Basis of Accounting

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operation, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

E. Budgets

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

1. Prior to January 15 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 express 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 Certificated 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. 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 2004.
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. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2004. All amounts reported in the budgetary statement reflect the original appropriations plus all modifications legally enacted by the Board.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District other than cash with escrow agent is pooled in a central bank account. 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 basic financial statements.

During fiscal year 2004, investments were limited to federal agency securities, a U.S. Government money market fund and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2004. 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, 2004.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$42,146, which includes \$28,920 assigned from other District funds.

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

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

G. Inventory

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

In accordance with the provisions of 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, age fifty seven or greater with two years of service, age fifty two or greater with seven years of service or any age with twenty seven years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2004, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Reserves/Designations

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Designated fund balance indicates that portion of fund equity for which management has an intended use of the resources. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, tax advance unavailable for appropriation and Bureau of Workers' Compensation (BWC) refunds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under state statute. The amount set-aside by the School Board for budget stabilization is reported as a designation of fund balance in the general fund.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method and on the purchases method on the statement of net assets. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. See Note 17 for detail.

Q. Interfund Activity

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

R. Nonpublic Schools

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any extraordinary or special items during fiscal 2004.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

A prior period adjustment is required at June 30, 2003 to properly state the intergovernmental payable liability. The portion of the liability related to workers' compensation was overstated in the prior year. This prior period adjustment had the following effect on fund balance as previously reported.

	General	Building	Nonmajor	Total
Fund balance at June 30, 2003	\$ (1,042,726)	\$ 245,384	\$ 1,018,621	\$ 221,279
Adjustment for overstated intergovernmental payable	467,480	-	-	467,480
Restated fund balance at July 1, 2003	\$ (575,246)	\$ 245,384	\$ 1,018,621	\$ 688,759

This prior period adjustment had the following effect on net assets as previously reported:

Net assets at June 30, 2003	\$ (3,131,402)
Adjustment for intergovernmental payable	467,480
Restated net assets at July 1, 2003	\$ (2,663,922)

B. Deficit Fund Balances

Fund balances at June 30, 2004 included the following individual fund deficits:

	Deficit
<u>Major Fund</u>	
General Fund	\$ 1,924,867
<u>Nonmajor Funds</u>	
Summer Intervention	14,592
Ohio Reads	73
IDEA Part B Grant Fund	170,976
Title VI	27,275
Drug Free	2,391
Improving Teacher Quality	23,358
Debt Service	536,982

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances results from adjustments for accrued liabilities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Compliance

The District had a negative cash fund balance of \$576,748 in the Debt Service fund indicating that revenue from other sources were used to pay obligations of this fund contrary to Ohio Revised Code Section 5705.10. For GAAP purposes, this amount has been reported as a fund liability in the fund.

The following funds had appropriations in excess of estimated resources contrary to Section 5705.39, Ohio Revised Code:

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$ 776
<u>Debt Service Fund</u>	
Bond Retirement	380,973

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories.

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

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

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

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

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 or interest by the United States;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument 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.

Cash on hand: At fiscal year-end, the District had \$7,000 in undeposited cash on hand which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Investments".

Cash with Escrow Agent: At fiscal year-end, the District had \$5,473 in cash and cash equivalents held by Fifth Third Bank in relation to the lease-purchase agreement discussed in Note 9. This amount is included on the Balance Sheet and Statement of Net Assets as "Cash with Escrow Agent". These monies are invested in U.S. government money market mutual funds, which are unclassified investments under GASB No. 3 as they are not evidenced by securities that exist in physical or book entry form.

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

Deposits: At year-end, the carrying amount of the District's deposits was \$574,692 and the bank balance was \$742,207. Of the bank balance:

1. \$200,000 was covered by federal deposit insurance or surety company bonds deposited with the District; and
2. \$542,207 was uninsured and unregistered 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 would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or securities held by the District. 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, but not in the District's name. Investments in STAR Ohio and the U.S. Government money market mutual fund are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Federal agency securities	\$ 3,389,153	\$ 3,389,153	\$ 3,389,153
Total	\$ 3,389,153		
Investment in STAR Ohio		405,732	405,732
U.S. Governmental money market mutual fund		17,025	17,025
Total investments		\$ 3,811,910	\$ 3,811,910

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 4,399,075	\$ -
Investments of the cash management pool:		
Federal agency securities	(3,389,153)	3,389,153
Investment in STAR Ohio	(405,732)	405,732
U.S. Government money market mutual fund	(17,025)	17,025
Cash with escrow agent	(5,473)	-
Cash on hand	(7,000)	-
	<u>\$ 574,692</u>	<u>\$ 3,811,910</u>
GASB Statement No. 3	<u>\$ 574,692</u>	<u>\$ 3,811,910</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2004 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 226,925

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2004 are reported on the Statement of Net Assets.

- B.** Due from/to other funds consisted of the following at June 30, 2004, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 350,810
Nonmajor Governmental Funds	Nonmajor Governmental Funds	225,938

The purpose of the due from/to other funds is to cover a negative cash balance at June 30. The amount will be repaid within one year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Lucas, Fulton, and Wood Counties. These County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2004 was \$420,713 in the general fund, \$20,996 in the debt service fund and \$3,749 in the permanent improvement fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2003 was \$832,715 in the general fund and \$38,286 in the debt service fund.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second Half Collections		2004 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 551,862,820	88.79	\$ 635,214,030	90.49
Public utility personal	19,193,390	3.10	18,068,900	2.52
Tangible personal property	<u>49,346,647</u>	<u>8.11</u>	<u>49,998,307</u>	<u>6.99</u>
Total	<u>\$ 620,402,857</u>	<u>100.00</u>	<u>\$ 703,281,237</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 71.40		\$ 71.40	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

Governmental Activities:

Property taxes	\$ 23,165,637
Accounts	39,522
Intergovernmental	308,745
Accrued interest	<u>17,381</u>
Total	<u>\$ 23,531,285</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	<u>Balance 06/30/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/04</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,388,844	\$ -	\$ -	\$ 1,388,844
Construction in progress	-	411,713	-	411,713
Total capital assets, not being depreciated	<u>1,388,844</u>	<u>411,713</u>	<u>-</u>	<u>1,800,557</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,099,166	5,700	-	2,104,866
Building and improvements	30,403,375	51,482	-	30,454,857
Furniture and equipment	1,229,704	829,018	-	2,058,722
Vehicles	<u>3,343,424</u>	<u>462,891</u>	<u>(371,909)</u>	<u>3,434,406</u>
Total capital assets, being depreciated	<u>37,075,669</u>	<u>1,349,091</u>	<u>(371,909)</u>	<u>38,052,851</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,531,889)	(186,952)	-	(1,718,841)
Building and improvements	(9,302,140)	(579,099)	-	(9,881,239)
Furniture and equipment	(626,203)	(156,086)	-	(782,289)
Vehicles	<u>(1,677,195)</u>	<u>(181,726)</u>	<u>359,177</u>	<u>(1,499,744)</u>
Total accumulated depreciation	<u>(13,137,427)</u>	<u>(1,103,863)</u>	<u>359,177</u>	<u>(13,882,113)</u>
Governmental activities capital assets, net	<u>\$ 25,327,086</u>	<u>\$ 656,941</u>	<u>\$ (12,732)</u>	<u>\$ 25,971,295</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 699,475
Special	31,066
Vocational	7,658
<u>Support Services:</u>	
Instructional staff	2,917
Administration	6,920
Fiscal	2,000
Business	2,732
Operations and maintenance	47,491
Pupil transportation	183,110
Central	951
Non-instructional	38,646
Extracurricular activities	77,268
Food service operations	<u>3,629</u>
Total depreciation expense	<u>\$ 1,103,863</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

- A. In a prior year, the District entered into capitalized leases for buses. In fiscal 2004, the District entered into two capitalized leases for computer equipment. These lease agreements meet 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. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as regular, pupil transportation, and operations and maintenance and function expenditures on the budgetary statements.

Capital assets consisting of vehicles and equipment have been capitalized in the amount of \$438,315 and \$774,498, respectively. These amounts represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. The District did not make any principal payments during fiscal year 2004.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2004:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2005	\$ 452,501
2006	364,838
2007	<u>277,174</u>
Total minimum lease payments	1,094,513
Less amount representing interest	<u>(82,969)</u>
Total	<u>\$ 1,011,544</u>

B. Lease Purchase Obligation

During fiscal 2004, the District entered into a lease-purchase agreement with the Rickenbacker Port Authority (through the OASBO Expanded Asset Pooled Financing Program) for the construction of an administration building. Fifth Third Bank has been designated as trustee for the agreement. The source of revenue to fund the principal and interest payments are general operating revenue of the District. During fiscal 2004, the District refinanced the lease for an additional \$336,000, for a total of \$865,000. No principal payments were required in fiscal 2004. Principal and interest payments will be recorded as debt service expenditures in the general fund.

A liability in the amount of the present value of minimum lease payments has been recorded in the Government-wide Financial Statement.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

The following is a summary of the District's future minimum annual payments to termination of the lease-purchase agreement:

<u>Fiscal Year Ending</u>	<u>Payments</u>
2005	\$ 176,948
2006	194,305
2007	194,686
2008	193,795
2009	<u>194,659</u>
Total	954,393
Less interest	<u>(89,393)</u>
Present value	<u>\$ 865,000</u>

In conjunction with the lease-purchase agreement, the District entered into an escrow agreement with Fifth Third Bank whereby acts as escrow agent for the funds received under the lease-purchase agreement. Under the escrow agreement, the District authorizes and directs Fifth Third Bank to make disbursements to pay the project costs from the amount deposited with the escrow agent. The escrow agreement terminates upon termination of the lease-purchase agreement.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 10 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations during the year consist of the following:

	Restated Balance at <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2004</u>	Amounts Due Within <u>One Year</u>
General obligation bonds:					
<u>Series 1993, refunding</u>					
Current interest bonds	\$ 675,000	\$ -	\$ (155,000)	\$ 520,000	\$ 165,000
Capital appreciation bonds	129,790	-	-	129,790	-
Accreted interest	371,393	74,344	-	445,737	-
<u>Series 1995, facilities improvement</u>					
Current interest bonds	915,000	-	(265,000)	650,000	305,000
Capital appreciation bonds	299,704	-	-	299,704	-
Accreted interest	569,015	127,869	-	696,884	-
<u>Series 2000, facilities improvement</u>					
Current interest bonds	7,620,000	-	(40,000)	7,580,000	50,000
Capital appreciation bonds	340,000	-	-	340,000	-
Accreted interest	81,226	36,693	-	117,919	-
<u>Series 2001, refunding</u>					
Current interest bonds	10,405,000	-	(120,000)	10,285,000	125,000
Capital appreciation bonds	139,995	-	-	139,995	-
Accreted interest	63,143	43,405	-	106,548	-
<u>Series 2001, facilities improvement</u>					
Current interest bonds	5,445,000	-	(260,000)	5,185,000	100,000
Total G.O. Bonds	<u>27,054,266</u>	<u>282,311</u>	<u>(840,000)</u>	<u>26,496,577</u>	<u>745,000</u>
Other long-term obligations:					
Capital leases payable	237,046	774,498	-	1,011,544	402,968
Lease purchase payable	529,000	336,000	-	865,000	160,000
Note payable	-	2,945,000	-	2,945,000	2,945,000
Total other long-term obligations	<u>766,046</u>	<u>4,055,498</u>	<u>-</u>	<u>4,821,544</u>	<u>3,507,968</u>
Compensated absences:					
Severance	1,563,277	266,562	(122,996)	1,706,843	151,450
Vacation leave	136,406	199,176	(136,406)	199,176	199,176
Total compensated absences	<u>1,699,683</u>	<u>465,738</u>	<u>(259,402)</u>	<u>1,906,019</u>	<u>350,626</u>
Total	<u>\$ 29,519,995</u>	<u>\$ 4,803,547</u>	<u>\$ (1,099,402)</u>	<u>\$ 33,224,140</u>	<u>\$ 4,603,594</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- B.** In July of 1993, the District issued general obligation refunding bonds (Series 1993, Refunding Bonds). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.80 (average) mill bonded debt tax levy.

This issue is comprised of current interest bonds, present value \$520,000 at June 30, 2004, and capital appreciation bonds, par value \$1,325,000. The capital appreciation bonds mature each December 1, 2007 through 2013, (average interest 14.17%) 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 on the statement of net assets at June 30, 2004 was \$129,790. Total accreted interest of \$445,737 has been included on the statement of net assets at June 30, 2004.

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, 2013.

- C.** In 1995, the District issued general obligation bonds (Series 1995, Facilities Improvement Bonds). These bonds were partially refunded in September of 2001 (see Note 10.E.). The non-refunded bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.80 (average) mill bonded debt tax levy.

This issue is comprised of current interest bonds, present value \$650,000 at June 30, 2004 and capital appreciation bonds, par value \$2,770,000. The capital appreciation bonds mature each December 1, 2009 through 2013, (average interest 14.25%) 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 on the statement of net assets at June 30, 2004 was \$299,704. Total accreted interest of \$696,884 has been included on the statement of net assets at June 30, 2004.

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, 2013.

- D.** 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. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The source of payment is derived from a current 2.80 (average) mill bonded debt tax levy.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

This issue was comprised of current interest bonds, present value \$7,580,000 at June 30, 2004, 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 on the statement of net assets at June 30, 2004 was \$340,000. Total accreted interest of \$117,919 has been included on the statement of net assets at June 30, 2004.

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.

- E.** In September of 2001, the District issued general obligation refunding bonds (Series 2001, Refunding Bonds). These bonds refunded callable portion of the Series 1995 issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund).

On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets.

This issue was comprised of current interest bonds, present value \$10,285,000 at June 30, 2004, and capital appreciation bonds, par value \$2,270,005. The capital appreciation bonds mature each December 1, 2014 through 2016, (effective interests 21.218% - 21.541%) 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 on the statement of net assets at June 30, 2004 was \$139,995. Total accreted interest of \$106,548 has been included on the statement of net assets at June 30, 2004.

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, 2016.

- F.** On November 27, 2001, the District issued \$5,750,000 in general obligation bonds (Series 2001, School Facilities Construction and Improvement Bonds). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net assets. The issue consists of current interest bonds, par value \$5,750,000, with interest rates ranging from 3.00% to 5.50%.
- G.** On January 27, 2004, the District issued \$2,945,000 in Facilities Notes in anticipation of the issuance of bonds for the purpose of constructing, renovating and improving facilities, and acquiring land. The notes bear an accrued interest rate of 2.00% and mature on January 18, 2005.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

H. Principal and interest requirements to retire the long-term obligations are as follows:

Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 745,000	\$ 1,206,599	\$ 1,951,599	\$ -	\$ -	\$ -
2006	785,000	1,172,454	1,957,454	-	-	-
2007	855,000	1,138,290	1,993,290	-	-	-
2008	745,000	1,102,564	1,847,564	185,000	-	185,000
2009	800,000	1,073,379	1,873,379	190,000	-	190,000
2010 - 2014	1,865,000	5,082,763	6,947,763	4,185,000	-	4,185,000
2015 - 2019	3,745,000	4,597,273	8,342,273	3,000,000	-	3,000,000
2020 - 2024	8,415,000	2,935,732	11,350,732	-	-	-
2025 - 2029	4,800,000	1,022,327	5,822,327	-	-	-
2030 - 2032	1,465,000	122,688	1,587,688	-	-	-
Total	<u>\$ 24,220,000</u>	<u>\$ 19,454,069</u>	<u>\$ 43,674,069</u>	<u>\$ 7,560,000</u>	<u>\$ -</u>	<u>\$ 7,560,000</u>

I. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$36,798,734 and an unvoted debt margin of \$703,281.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of seventy days for both certificated and classified employees. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$50,000 to certified employees. For classified employees, group term life insurance is provided in the amount of \$50,000 employees under contract for thirty-five hours or more per week, \$20,000 for classified employees under contract for twenty to thirty-four hours per week, and \$10,000 for employees working less than twenty hours per week.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 2004, 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.

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 2003.

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 2004, 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.

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. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute 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, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$573,305, \$544,100, and \$506,188, respectively; 42.66% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$328,728, represents the unpaid contribution for fiscal year 2004.

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 retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2004 and 2003, 13% of annual covered salary 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% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,834,726, \$1,729,940, and \$1,654,103, respectively; 82.57% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$319,752 represents the unpaid contribution for fiscal year 2004.

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, 2004, certain members of the Board of Education have elected Social Security. The District's liability is 6.20 percent of wages paid.

NOTE 13 - 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% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$131,052 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For this fiscal year, employer contributions to fund health care benefits were 4.91% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$268,451 during the 2004 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues 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, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

	<u>General Fund</u>
Budget basis	\$ (1,193,352)
Net adjustment for revenue accruals	(283,791)
Net adjustment for expenditure accruals	(1,413,176)
Net adjustment for other sources/uses	857,406
Adjustment for encumbrances	<u>682,020</u>
GAAP basis	<u>\$ (1,350,893)</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and 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, 2004, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	BWC <u>Refunds</u>	Budget Stabilization <u>Designated</u>
Set-aside cash balance as of June 30, 2003	\$ (521,621)	\$ (9,468,772)	\$ 34,698	\$ 547,582
Current year set-aside requirement	504,857	504,857	-	-
Qualifying disbursements	<u>(680,351)</u>	<u>(1,587,706)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (697,115)</u>	<u>\$ (10,551,621)</u>	<u>\$ 34,698</u>	<u>\$ 547,582</u>
Balance carried forward to FY 2005	<u>\$ (697,115)</u>	<u>\$ (10,551,621)</u>	<u>\$ 34,698</u>	<u>\$ 547,582</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

NOTE 17 - STATUTORY RESERVES - (Continued)

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. The District is still required by state law to maintain the textbook reserve and the capital acquisition reserve. The Board of Education resolved to maintain the budget reserve, which will be shown as designated fund balance in the general fund.

A schedule of the governmental fund restricted assets at June 30, 2004 follows:

Amount restricted for BWC refunds	<u>\$ 34,698</u>
Total restricted assets	<u><u>\$ 34,698</u></u>
Amount designated for budget stabilization	<u><u>\$ 547,582</u></u>

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COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
FUND DESCRIPTIONS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Food Service

This fund is used to record financial transactions related to food service operations.

Special Trust

This fund is used to account for trust agreements in which principal and income are used to support District programs.

Uniform School Supplies

This fund accounts for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

Public School Support

A fund provided to account for special local revenue sources, other than taxes or expendable trusts (i.e., profits from vending machines) that are restricted to expenditures for specified purposes approved by board resolution. Such expenditures may include curricular and extra-curricular related purchases.

District Managed Student Activity

A fund provided to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes the athletic programs and the drama program.

Auxiliary Services

A fund used to account for monies which provide services and materials to pupils attending non-public schools within the school district.

Management Information Systems

A fund provided to account for state funds provided to assist the district in implementing a staff, student and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Data Communication

A fund provided to account for money for Ohio Educational Computer Network Connections.

SchoolNet Professional Development

A fund provided to account for state funds received to provide professional development programs related to technology.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
FUND DESCRIPTIONS - NONMAJOR FUNDS**

Nonmajor Special Revenue Funds (Continued)

Ohio Reads

A fund provided to account for monies use to develop reading skills funded by the State of Ohio, Department of Education.

Summer Intervention

A fund used to account for student intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

IDEA Part B Grant Fund

To account for grants to assist states in providing an appropriate public education to all children with disabilities.

Title I

To account for funds which are to: 1) establish or improve programs designed to meet the special needs of migratory agricultural workers or migratory fishers' and 2) enable State education agencies to coordinate their state migrant education programs and local projects with similar programs and projects in other states, including the transfer of school records or other information about migratory children.

Title VI

A fund which accounts for Federal funds which consolidates various programs into a single authorization used in accordance with the educational needs and priorities of the District.

Drug Free School Grant

A fund which accounts for Federal funds used to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in the District.

Telecommunications

A fund used to account for a federal grant which is paid directly to the telecommunication service provider.

Improving Teacher Quality

A fund which accounts for Federal funds used to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

To account for federal grants not classified elsewhere.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
FUND DESCRIPTIONS - NONMAJOR FUNDS**

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law. The nonmajor debt service fund is:

Debt Service

A fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund.

Nonmajor Capital Projects Fund

Capital project funds are established 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). The nonmajor capital projects fund is:

Permanent Improvement

To account for the acquisition, construction, or improvement of capital facilities.

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 658,346	\$ -	\$ 418,657	\$ 1,077,003
Cash with escrow agent	-	-	5,473	5,473
Receivables:				
Taxes.	-	1,863,093	883,060	2,746,153
Accounts.	25,807	-	-	25,807
Intergovernmental	246,174	-	-	246,174
Due from other funds	-	-	225,938	225,938
Materials and supplies inventory	13,171	-	-	13,171
Total assets.	\$ 943,498	\$ 1,863,093	\$ 1,533,128	\$ 4,339,719
Liabilities:				
Accounts payable.	\$ 3,752	\$ -	\$ 5,673	\$ 9,425
Retainage payable	-	-	5,473	5,473
Accrued wages and benefits	99,018	-	-	99,018
Pension obligation payable.	11,426	-	-	11,426
Intergovernmental payable	5,503	-	-	5,503
Due to other funds	-	576,748	-	576,748
Interfund loans payable	226,925	-	-	226,925
Deferred revenue	232,577	1,823,327	879,311	2,935,215
Total liabilities.	579,201	2,400,075	890,457	3,869,733
Fund balances:				
Reserved for encumbrances.	44,333	-	125,849	170,182
Reserved for materials and supplies inventory . . .	13,171	-	-	13,171
Reserved for property tax unavailable for appropriation.	-	20,996	3,749	24,745
Unreserved-undesignated (deficit) reported in:				
Special revenue funds	306,793	-	-	306,793
Debt service fund	-	(557,978)	-	(557,978)
Capital projects fund.	-	-	513,073	513,073
Total fund balances (deficit)	364,297	(536,982)	642,671	469,986
Total liabilities and fund balances	\$ 943,498	\$ 1,863,093	\$ 1,533,128	\$ 4,339,719

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ -	\$ 1,391,040	\$ 149,961	\$ 1,541,001
Charges for services	778,408	-	-	778,408
Earnings on investments	901	-	2,678	3,579
Extracurricular	401,428	-	-	401,428
Classroom materials and fees.	113,398	-	-	113,398
Other local revenues	233,033	-	10,000	243,033
Intergovernmental - state	147,154	204,779	18,777	370,710
Intergovernmental - federal	638,190	-	-	638,190
Total revenues	2,312,512	1,595,819	181,416	4,089,747
Expenditures:				
Current:				
Instruction:				
Regular	339,403	-	-	339,403
Special	215,792	-	-	215,792
Support services:				
Pupil	211,269	-	-	211,269
Instructional staff.	51,667	-	-	51,667
Administration	27,903	-	-	27,903
Fiscal.	-	13,677	296	13,973
Business	-	-	6,172	6,172
Central	49,857	-	-	49,857
Operation of non-instructional services.	14,732	-	-	14,732
Food service operations.	899,517	-	-	899,517
Extracurricular activities	397,778	-	-	397,778
Facilities acquisition and construction	-	-	238,074	238,074
Intergovernmental pass through	102,236	-	-	102,236
Debt service:				
Principal retirement	-	840,000	-	840,000
Interest and fiscal charges	-	1,232,912	-	1,232,912
Total expenditures	2,310,154	2,086,589	244,542	4,641,285
Excess of revenues over (under) expenditures	2,358	(490,770)	(63,126)	(551,538)
Other financing sources:				
Premium from sale of notes	-	10,103	-	10,103
Total other financing sources	-	10,103	-	10,103
Net change in fund balances	2,358	(480,667)	(63,126)	(541,435)
Fund balances (deficit) at beginning of year .	369,139	(56,315)	705,797	1,018,621
Decrease in reserve for inventory.	(7,200)	-	-	(7,200)
Fund balances (deficit) at end of year	\$ 364,297	\$ (536,982)	\$ 642,671	\$ 469,986

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2004

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 91,083	\$ 311,829	\$ 20,995	\$ 70,671
Receivables:				
Accounts.	-	25,807	-	-
Intergovernmental	13,597	-	-	-
Materials and supplies inventory	13,171	-	-	-
Total assets.	<u>\$ 117,851</u>	<u>\$ 337,636</u>	<u>\$ 20,995</u>	<u>\$ 70,671</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	65,698	-	-	-
Pension obligation payable.	7,006	-	-	-
Intergovernmental payable	3,381	-	-	-
Interfund loans payable	-	-	-	-
Deferred revenue.	-	-	-	-
Total liabilities.	<u>76,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for encumbrances	-	-	286	357
Reserved for materials and supplies inventory	13,171	-	-	-
Unreserved-undesignated (deficit)	28,595	337,636	20,709	70,314
Total fund balances (deficit).	<u>41,766</u>	<u>337,636</u>	<u>20,995</u>	<u>70,671</u>
Total liabilities and fund balances.	<u>\$ 117,851</u>	<u>\$ 337,636</u>	<u>\$ 20,995</u>	<u>\$ 70,671</u>

<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communication</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>
\$ 106,257	\$ -	\$ 17,591	\$ 576	\$ 731	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 106,257</u>	<u>\$ -</u>	<u>\$ 17,591</u>	<u>\$ 576</u>	<u>\$ 731</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	11	-	73
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>73</u>
7,007	-	7,126	576	730	-
-	-	-	-	-	-
<u>99,250</u>	<u>-</u>	<u>10,465</u>	<u>(11)</u>	<u>1</u>	<u>(73)</u>
<u>106,257</u>	<u>-</u>	<u>17,591</u>	<u>565</u>	<u>731</u>	<u>(73)</u>
<u>\$ 106,257</u>	<u>\$ -</u>	<u>\$ 17,591</u>	<u>\$ 576</u>	<u>\$ 731</u>	<u>\$ -</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2004

	<u>Summer Intervention</u>	<u>IDEA Part B Grant Fund</u>	<u>Title I</u>	<u>Title VI</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ -	\$ 23,434	\$ 205	\$ 800
Receivables:				
Accounts.	-	-	-	-
Intergovernmental	-	170,130	-	28,075
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ -</u>	<u>\$ 193,564</u>	<u>\$ 205</u>	<u>\$ 28,875</u>
Liabilities:				
Accounts payable.	\$ -	\$ 602	\$ -	\$ -
Accrued wages and benefits	11,359	19,885	-	-
Pension obligation payable.	1,012	2,556	-	-
Intergovernmental payable	493	1,237	65	-
Interfund loans payable	1,728	170,130	-	28,075
Deferred revenue.	-	170,130	-	28,075
Total liabilities.	<u>14,592</u>	<u>364,540</u>	<u>65</u>	<u>56,150</u>
Fund balances:				
Reserved for encumbrances	-	22,832	205	800
Reserved for materials and supplies inventory	-	-	-	-
Unreserved-undesignated (deficit)	<u>(14,592)</u>	<u>(193,808)</u>	<u>(65)</u>	<u>(28,075)</u>
Total fund balances (deficit).	<u>(14,592)</u>	<u>(170,976)</u>	<u>140</u>	<u>(27,275)</u>
Total liabilities and fund balances.	<u>\$ -</u>	<u>\$ 193,564</u>	<u>\$ 205</u>	<u>\$ 28,875</u>

<u>Drug Free School Grant</u>	<u>Telecommunications</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 2,120	\$ 6,403	\$ 5,444	\$ 207	\$ 658,346
-	-	-	-	25,807
4,511	-	29,861	-	246,174
-	-	-	-	13,171
<u>\$ 6,631</u>	<u>\$ 6,403</u>	<u>\$ 35,305</u>	<u>\$ 207</u>	<u>\$ 943,498</u>
\$ -	\$ -	\$ 3,150	\$ -	\$ 3,752
-	-	2,076	-	99,018
-	-	852	-	11,426
-	-	243	-	5,503
4,511	-	22,481	-	226,925
4,511	-	29,861	-	232,577
<u>9,022</u>	<u>-</u>	<u>58,663</u>	<u>-</u>	<u>579,201</u>
2,120	-	2,294	-	44,333
-	-	-	-	13,171
(4,511)	6,403	(25,652)	207	306,793
<u>(2,391)</u>	<u>6,403</u>	<u>(23,358)</u>	<u>207</u>	<u>364,297</u>
<u>\$ 6,631</u>	<u>\$ 6,403</u>	<u>\$ 35,305</u>	<u>\$ 207</u>	<u>\$ 943,498</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Food Service</u>	<u>Special Trust</u>	<u>Uniform School Supplies</u>	<u>Public School Support</u>
Revenues:				
From local sources:				
Charges for services	\$ 778,408	\$ -	\$ -	\$ -
Earnings on investments	901	-	-	-
Extracurricular	-	-	-	143,604
Classroom materials and fees.	-	-	113,398	-
Other local revenues	-	161,206	269	9,494
Intergovernmental - state	2,930	-	-	-
Intergovernmental - federal	160,398	-	-	-
Total revenues	<u>942,637</u>	<u>161,206</u>	<u>113,667</u>	<u>153,098</u>
Expenditures:				
Current:				
Instruction:				
Regular.	-	4,025	125,396	-
Special	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff.	-	-	-	-
Administration	-	-	-	21,180
Central	-	-	-	-
Operation of non-instructional services.	-	13,709	-	-
Food service operations.	899,517	-	-	-
Extracurricular activities	-	-	-	109,227
Intergovernmental pass through	-	-	-	-
Total expenditures.	<u>899,517</u>	<u>17,734</u>	<u>125,396</u>	<u>130,407</u>
Net change in fund balances.	43,120	143,472	(11,729)	22,691
Fund balances (deficit) at beginning of year .	5,846	194,164	32,724	47,980
Decrease in reserve for inventory.	<u>(7,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ 41,766</u>	<u>\$ 337,636</u>	<u>\$ 20,995</u>	<u>\$ 70,671</u>

<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communication</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
257,824	-	-	-	-	-
-	-	-	-	-	-
23,217	-	-	-	-	-
-	102,236	13,848	18,000	4,140	6,000
-	-	-	-	-	-
<u>281,041</u>	<u>102,236</u>	<u>13,848</u>	<u>18,000</u>	<u>4,140</u>	<u>6,000</u>
-	-	-	-	8,009	5,869
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	9,848	40,009	-	-
-	-	-	-	-	-
288,551	-	-	-	-	-
-	102,236	-	-	-	-
<u>288,551</u>	<u>102,236</u>	<u>9,848</u>	<u>40,009</u>	<u>8,009</u>	<u>5,869</u>
(7,510)	-	4,000	(22,009)	(3,869)	131
113,767	-	13,591	22,574	4,600	(204)
-	-	-	-	-	-
<u>\$ 106,257</u>	<u>\$ -</u>	<u>\$ 17,591</u>	<u>\$ 565</u>	<u>\$ 731</u>	<u>\$ (73)</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Summer Intervention</u>	<u>IDEA Part B Grant Fund</u>	<u>Title I</u>	<u>Title VI</u>
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees.	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	22,909	283,570	97,099	9,299
Total revenues	<u>22,909</u>	<u>283,570</u>	<u>97,099</u>	<u>9,299</u>
Expenditures:				
Current:				
Instruction:				
Regular.	37,501	-	-	38,156
Special	-	154,348	61,444	-
Support services:				
Pupil	-	200,404	-	-
Instructional staff.	-	35,576	277	-
Administration	-	6,723	-	-
Central	-	-	-	-
Operation of non-instructional services.	-	-	88	935
Food service operations.	-	-	-	-
Extracurricular activities	-	-	-	-
Intergovernmental pass through	-	-	-	-
Total expenditures.	<u>37,501</u>	<u>397,051</u>	<u>61,809</u>	<u>39,091</u>
Net change in fund balances.	(14,592)	(113,481)	35,290	(29,792)
Fund balances (deficit) at beginning of year .	-	(57,495)	(35,150)	2,517
Decrease in reserve for inventory.	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ (14,592)</u>	<u>\$ (170,976)</u>	<u>\$ 140</u>	<u>\$ (27,275)</u>

<u>Drug Free School Grant</u>	<u>Telecommunications</u>	<u>Improving Teacher Quality</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 778,408
-	-	-	-	901
-	-	-	-	401,428
-	-	-	-	113,398
-	38,847	-	-	233,033
-	-	-	-	147,154
9,385	-	54,027	1,503	638,190
<u>9,385</u>	<u>38,847</u>	<u>54,027</u>	<u>1,503</u>	<u>2,312,512</u>
13,069	55,371	50,745	1,262	339,403
-	-	-	-	215,792
-	-	10,865	-	211,269
-	-	15,814	-	51,667
-	-	-	-	27,903
-	-	-	-	49,857
-	-	-	-	14,732
-	-	-	-	899,517
-	-	-	-	397,778
-	-	-	-	102,236
<u>13,069</u>	<u>55,371</u>	<u>77,424</u>	<u>1,262</u>	<u>2,310,154</u>
(3,684)	(16,524)	(23,397)	241	2,358
1,293	22,927	39	(34)	369,139
-	-	-	-	(7,200)
<u>\$ (2,391)</u>	<u>\$ 6,403</u>	<u>\$ (23,358)</u>	<u>\$ 207</u>	<u>\$ 364,297</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Food Service				
Total revenues and other sources	\$ 751,010	\$ 871,180	\$ 875,691	\$ 4,511
Total expenditures and other uses.	<u>806,185</u>	<u>844,040</u>	<u>840,602</u>	<u>3,438</u>
Net change in fund balances.	(55,175)	27,140	35,089	7,949
Fund balance at beginning of year.	55,994	55,994	55,994	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 819</u>	<u>\$ 83,134</u>	<u>\$ 91,083</u>	<u>\$ 7,949</u>
Special Trust				
Total revenues and other sources	\$ 184,435	\$ 134,252	\$ 135,399	\$ 1,147
Total expenditures and other uses.	<u>187,931</u>	<u>187,931</u>	<u>17,734</u>	<u>170,197</u>
Net change in fund balances.	(3,496)	(53,679)	117,665	171,344
Fund balance at beginning of year.	193,774	193,774	193,774	-
Prior year encumbrances appropriated.	<u>390</u>	<u>390</u>	<u>390</u>	<u>-</u>
Fund balance at end of year	<u>\$ 190,668</u>	<u>\$ 140,485</u>	<u>\$ 311,829</u>	<u>\$ 171,344</u>
Uniform School Supplies				
Total revenues and other sources	\$ 110,035	\$ 113,561	\$ 113,667	\$ 106
Total expenditures and other uses.	<u>101,840</u>	<u>129,051</u>	<u>125,682</u>	<u>3,369</u>
Net change in fund balances.	8,195	(15,490)	(12,015)	3,475
Fund balance at beginning of year.	32,724	32,724	32,724	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 40,919</u>	<u>\$ 17,234</u>	<u>\$ 20,709</u>	<u>\$ 3,475</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public School Support				
Total revenues and other sources	\$ 135,085	\$ 153,098	\$ 153,098	\$ -
Total expenditures and other uses.	<u>120,915</u>	<u>147,195</u>	<u>130,764</u>	<u>16,431</u>
Net change in fund balances.	14,170	5,903	22,334	16,431
Fund balance at beginning of year.	47,664	47,664	47,664	-
Prior year encumbrances appropriated.	<u>316</u>	<u>316</u>	<u>316</u>	<u>-</u>
Fund balance at end of year	<u>\$ 62,150</u>	<u>\$ 53,883</u>	<u>\$ 70,314</u>	<u>\$ 16,431</u>
District Managed Student Activity				
Total revenues and other sources	\$ 212,425	\$ 275,425	\$ 281,041	\$ 5,616
Total expenditures and other uses.	<u>259,349</u>	<u>306,694</u>	<u>295,558</u>	<u>11,136</u>
Net change in fund balances.	(46,924)	(31,269)	(14,517)	16,752
Fund balance at beginning of year.	113,659	113,659	113,659	-
Prior year encumbrances appropriated.	<u>108</u>	<u>108</u>	<u>108</u>	<u>-</u>
Fund balance at end of year	<u>\$ 66,843</u>	<u>\$ 82,498</u>	<u>\$ 99,250</u>	<u>\$ 16,752</u>
Auxiliary Services				
Total revenues and other sources	\$ 98,778	\$ 102,236	\$ 102,236	\$ -
Total expenditures and other uses.	<u>95,510</u>	<u>102,236</u>	<u>102,236</u>	<u>-</u>
Net change in fund balances.	3,268	-	-	-
Fund balance at beginning of year.	-	-	-	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Management Information Systems				
Total revenues and other sources	\$ 10,872	\$ 13,848	\$ 13,848	\$ -
Total expenditures and other uses.	-	17,591	16,974	617
Net change in fund balances.	10,872	(3,743)	(3,126)	617
Fund balance at beginning of year.	13,591	13,591	13,591	-
Prior year encumbrances appropriated.	-	-	-	-
Fund balance at end of year	<u>\$ 24,463</u>	<u>\$ 9,848</u>	<u>\$ 10,465</u>	<u>\$ 617</u>
Data Communication				
Total revenues and other sources	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Total expenditures and other uses.	-	40,618	40,618	-
Net change in fund balances.	18,000	(22,618)	(22,618)	-
Fund balance at beginning of year.	22,618	22,618	22,618	-
Prior year encumbrances appropriated.	-	-	-	-
Fund balance at end of year	<u>\$ 40,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Net Professional Development				
Total revenues and other sources	\$ 4,140	\$ 4,140	\$ 4,140	\$ -
Total expenditures and other uses.	-	8,740	8,740	-
Net change in fund balances.	4,140	(4,600)	(4,600)	-
Fund balance at beginning of year.	4,600	4,600	4,600	-
Prior year encumbrances appropriated.	-	-	-	-
Fund balance at end of year	<u>\$ 8,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Ohio Reads				
Total revenues and other sources	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Total expenditures and other uses.	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in fund balances.	6,000	-	-	-
Fund balance at beginning of year.	-	-	-	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Summer Intervention				
Total revenues and other sources	\$ 69,934	\$ 69,934	\$ 24,637	\$ (45,297)
Total expenditures and other uses.	<u>-</u>	<u>69,934</u>	<u>24,637</u>	<u>45,297</u>
Net change in fund balances.	69,934	-	-	-
Fund balance at beginning of year.	-	-	-	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 69,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
IDEA Part B Grant Fund				
Total revenues and other sources	\$ 453,700	\$ 467,302	\$ 467,302	\$ -
Total expenditures and other uses.	<u>397,913</u>	<u>517,681</u>	<u>517,681</u>	<u>-</u>
Net change in fund balances.	55,787	(50,379)	(50,379)	-
Fund balance at beginning of year.	-	-	-	-
Prior year encumbrances appropriated.	<u>50,379</u>	<u>50,379</u>	<u>50,379</u>	<u>-</u>
Fund balance at end of year	<u>\$ 106,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Title I				
Total revenues and other sources	\$ 114,819	\$ 97,099	\$ 97,099	\$ -
Total expenditures and other uses.	<u>97,099</u>	<u>97,099</u>	<u>97,099</u>	<u>-</u>
Net change in fund balances.	17,720	-	-	-
Fund balance at beginning of year.	-	-	-	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 17,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title VI				
Total revenues and other sources	\$ 19,981	\$ 39,891	\$ 39,891	\$ -
Total expenditures and other uses.	<u>20,990</u>	<u>42,408</u>	<u>42,408</u>	<u>-</u>
Net change in fund balances.	(1,009)	(2,517)	(2,517)	-
Fund balance at beginning of year.	2,517	2,517	2,517	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Drug Free School Grant				
Total revenues and other sources	\$ 11,377	\$ 20,162	\$ 15,189	\$ (4,973)
Total expenditures and other uses.	<u>12,888</u>	<u>22,372</u>	<u>17,399</u>	<u>4,973</u>
Net change in fund balances.	(1,511)	(2,210)	(2,210)	-
Fund balance at beginning of year.	-	-	-	-
Prior year encumbrances appropriated.	<u>2,210</u>	<u>2,210</u>	<u>2,210</u>	<u>-</u>
Fund balance at end of year	<u>\$ 699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Telecommunications				
Total revenues and other sources	\$ 62,242	\$ 62,242	\$ 38,847	\$ (23,395)
Total expenditures and other uses.	<u>-</u>	<u>55,371</u>	<u>55,371</u>	<u>-</u>
Net change in fund balances.	62,242	6,871	(16,524)	(23,395)
Fund balance at beginning of year.	22,927	22,927	22,927	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 85,169</u>	<u>\$ 29,798</u>	<u>\$ 6,403</u>	<u>\$ (23,395)</u>
Improving Teacher Quality				
Total revenues and other sources	\$ 77,555	\$ 111,788	\$ 85,624	\$ (26,164)
Total expenditures and other uses.	<u>78,729</u>	<u>120,358</u>	<u>94,194</u>	<u>26,164</u>
Net change in fund balances.	(1,174)	(8,570)	(8,570)	-
Fund balance at beginning of year.	7,144	7,144	7,144	-
Prior year encumbrances appropriated.	<u>1,426</u>	<u>1,426</u>	<u>1,426</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Miscellaneous Federal Grants				
Total revenues and other sources	\$ 2,071	\$ 5,723	\$ 2,020	\$ (3,703)
Total expenditures and other uses.	<u>2,071</u>	<u>6,240</u>	<u>2,330</u>	<u>3,910</u>
Net change in fund balances.	-	(517)	(310)	207
Fund balance at beginning of year.	517	517	517	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 517</u>	<u>\$ -</u>	<u>\$ 207</u>	<u>\$ 207</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Debt Service				
Total revenues and other sources	\$ 1,766,770	\$ 1,822,665	\$ 1,616,933	\$ (205,732)
Total expenditures and other uses.	<u>2,090,965</u>	<u>2,439,456</u>	<u>2,429,499</u>	<u>9,957</u>
Net change in fund balances.	(324,195)	(616,791)	(812,566)	(195,775)
Fund balance at beginning of year.	235,818	235,818	235,818	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ (88,377)</u>	<u>\$ (380,973)</u>	<u>\$ (576,748)</u>	<u>\$ (195,775)</u>
Permanent Improvement				
Total revenues and other sources	\$ 123,500	\$ 178,488	\$ 177,667	\$ (821)
Total expenditures and other uses.	<u>458,277</u>	<u>458,277</u>	<u>370,391</u>	<u>87,886</u>
Net change in fund balances.	(334,777)	(279,789)	(192,724)	87,065
Fund balance at beginning of year.	705,797	705,797	705,797	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 371,020</u>	<u>\$ 426,008</u>	<u>\$ 513,073</u>	<u>\$ 87,065</u>
Building				
Total revenues and other sources	\$ 2,946,500	\$ 2,948,750	\$ 2,947,942	\$ (808)
Total expenditures and other uses.	<u>332,945</u>	<u>1,851,157</u>	<u>1,846,434</u>	<u>4,723</u>
Net change in fund balances.	2,613,555	1,097,593	1,101,508	3,915
Fund balance at beginning of year.	321,751	321,751	321,751	-
Prior year encumbrances appropriated.	<u>11,193</u>	<u>11,193</u>	<u>11,193</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,946,499</u>	<u>\$ 1,430,537</u>	<u>\$ 1,434,452</u>	<u>\$ 3,915</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Scholarship Trust				
Total Revenues and Other Sources	\$ 2,970	\$ 2,970	\$ 5,281	\$ 2,311
Total Expenditures and Other Uses	<u>13,396</u>	<u>13,396</u>	<u>13,396</u>	<u>-</u>
Net Change in Fund Balances	(10,426)	(10,426)	(8,115)	2,311
Fund balance at beginning of year	53,173	53,173	53,173	-
Prior year encumbrances appropriated	<u>4,700</u>	<u>4,700</u>	<u>4,700</u>	<u>-</u>
Fund balance at end of year	<u>\$ 47,447</u>	<u>\$ 47,447</u>	<u>\$ 49,758</u>	<u>\$ 2,311</u>

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
FUND DESCRIPTIONS - FIDUCIARY FUNDS**

Fiduciary Funds

The trust fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The agency funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments and/or other funds.

Private Purpose Trust

Scholarship Trust

A fund provided to account for monies set aside from endowments for scholarships for students enrolled in the District. The principal and income from such a fund may be expended.

Agency

District Agency

A fund used to account for those assets held by a school district as an agent for individuals, private organization, other governmental units, and/or other funds.

Student Managed Activity

An agency fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer and faculty advisor.

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2004

	Beginning Balance July 1, 2003	Additions	Deletions	Ending Balance June 30, 2004
District Agency				
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,419	\$ 19,503	\$ 16,060	\$ 7,862
Total assets	<u>\$ 4,419</u>	<u>\$ 19,503</u>	<u>\$ 16,060</u>	<u>\$ 7,862</u>
Liabilities:				
Due to other governments	\$ 4,419	\$ 19,503	\$ 16,060	\$ 7,862
Total liabilities.	<u>\$ 4,419</u>	<u>\$ 19,503</u>	<u>\$ 16,060</u>	<u>\$ 7,862</u>
Student Managed Activity				
Assets:				
Equity in pooled cash and cash equivalents	\$ 73,402	\$ 148,228	\$ 143,851	\$ 77,779
Total assets	<u>\$ 73,402</u>	<u>\$ 148,228</u>	<u>\$ 143,851</u>	<u>\$ 77,779</u>
Liabilities:				
Accounts payable	\$ 200	\$ 655	\$ 200	\$ 655
Due to students	73,202	147,573	143,651	77,124
Total liabilities.	<u>\$ 73,402</u>	<u>\$ 148,228</u>	<u>\$ 143,851</u>	<u>\$ 77,779</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 77,821	\$ 167,731	\$ 159,911	\$ 85,641
Total assets	<u>\$ 77,821</u>	<u>\$ 167,731</u>	<u>\$ 159,911</u>	<u>\$ 85,641</u>
Liabilities:				
Accounts payable	\$ 200	\$ 655	\$ 200	\$ 655
Due to other governments	4,419	19,503	16,060	7,862
Due to students	73,202	147,573	143,651	77,124
Total liabilities.	<u>\$ 77,821</u>	<u>\$ 167,731</u>	<u>\$ 159,911</u>	<u>\$ 85,641</u>

STATISTICAL SECTION

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

SUMMARY OF EXPENSES/EXPENDITURES AND OTHER FINANCING USES BY
FUNCTION - GENERAL GOVERNMENTAL FUNDS*
LAST TEN FISCAL YEARS

	<u>2004</u>		<u>2003</u>		<u>2002</u>
	<u>Full Accrual</u>	<u>Modified Accrual</u>	<u>Full Accrual</u>	<u>Modified Accrual</u>	<u>Modified Accrual</u>
Instruction:					
Regular	\$ 14,675,777	\$ 13,943,929	\$ 14,462,832	\$ 13,269,658	\$ 11,994,047
Special	1,964,377	1,911,982	1,876,491	1,871,098	1,802,280
Vocational	241,204	231,585	267,779	264,105	285,370
Other instruction	-	-	-	-	-
Total instruction	<u>16,881,358</u>	<u>16,087,496</u>	<u>16,607,102</u>	<u>15,404,861</u>	<u>14,081,697</u>
Support Services:					
Pupils	1,116,212	1,128,826	865,910	858,530	736,917
Instructional staff	927,593	897,341	970,686	1,011,365	973,514
Board of education	1,036,956	1,036,212	725,946	724,070	661,833
Administration	2,156,726	2,120,915	1,981,859	1,951,423	1,779,089
Fiscal	750,919	672,045	501,798	498,653	569,265
Business	108,338	96,820	82,821	87,455	-
Operations and maintenance	3,950,069	3,585,726	3,577,083	3,368,707	3,001,632
Pupil transportation	1,870,685	1,813,352	1,406,743	2,097,671	1,545,184
Central	48,533	57,007	35,041	35,041	25,298
Total support services	<u>11,966,031</u>	<u>11,408,244</u>	<u>10,147,887</u>	<u>10,632,915</u>	<u>9,292,732</u>
Operation of non-instructional services	53,378	14,732	160,977	156,589	167,081
Food service operations	899,768	899,517	768,633	783,972	-
Extracurricular activities	957,185	879,929	814,680	782,566	688,377
Facilities acquisition and construction	-	808,204	-	3,123,921	6,718,404
Capital outlay	-	1,110,498	-	-	394,075
Intergovernmental	102,236	102,236	-	-	-
Debt service	1,528,902	2,072,912	1,485,741	2,274,511	1,955,872
Total expenditures	<u>32,388,858</u>	<u>33,383,768</u>	<u>29,985,020</u>	<u>33,159,335</u>	<u>33,298,238</u>
Other financing uses	-	-	-	180,000	273,515
Total expenditures and other financing uses	<u>\$ 32,388,858</u>	<u>\$ 33,383,768</u>	<u>\$ 29,985,020</u>	<u>\$ 33,339,335</u>	<u>\$ 33,571,753</u>

Source: School District Financial Records

* For fiscal years 2003-2004 includes general, special revenue, debt service, and capital projects funds.
For fiscal years 1995-2002 includes general, special revenue, debt service, capital projects, and expendable trust funds.

2001	2000	1999	1998	1997	1996	1995
Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual	Modified Accrual
\$ 11,894,420	\$ 10,752,387	\$ 10,265,102	\$ 9,625,022	\$ 9,007,556	\$ 8,690,025	\$ 8,313,048
1,796,567	1,367,709	1,444,059	1,383,931	1,327,467	1,317,158	1,294,382
283,561	315,516	277,476	238,133	205,989	232,892	171,782
-	-	-	723	822	768	1,214
<u>13,974,548</u>	<u>12,435,612</u>	<u>11,986,637</u>	<u>11,247,809</u>	<u>10,541,834</u>	<u>10,240,843</u>	<u>9,780,426</u>
922,186	835,513	818,465	718,960	581,220	605,903	587,103
438,486	435,242	422,444	399,678	402,330	343,725	317,491
799,306	745,142	555,101	469,018	380,356	323,464	323,911
1,844,828	1,713,498	1,444,547	1,479,038	1,193,131	1,450,768	1,223,885
427,138	430,011	496,183	415,551	424,517	912,589	403,827
-	-	-	-	-	-	-
3,167,658	2,742,258	2,773,603	2,559,749	2,115,390	2,001,583	2,008,120
1,975,569	1,779,809	1,110,049	1,685,014	1,532,806	1,449,189	1,419,396
10,122	6,162	7,815	26,630	2,462	14,042	8,992
<u>9,585,293</u>	<u>8,687,635</u>	<u>7,628,207</u>	<u>7,753,638</u>	<u>6,632,212</u>	<u>7,101,263</u>	<u>6,292,725</u>
133,643	115,591	111,035	99,272	109,862	90,407	31,489
-	-	-	-	-	-	-
683,661	659,833	724,447	663,759	573,443	490,997	567,746
6,379,028	579,818	527,196	493,049	9,750,210	6,240,995	86,246
514,277	11,331	86,129	-	887	328,959	43,670
-	-	-	-	-	-	-
<u>2,286,952</u>	<u>1,272,470</u>	<u>1,256,671</u>	<u>1,311,341</u>	<u>1,050,207</u>	<u>14,676,164</u>	<u>342,073</u>
<u>33,557,402</u>	<u>23,762,290</u>	<u>22,320,322</u>	<u>21,568,868</u>	<u>28,658,655</u>	<u>39,169,628</u>	<u>17,144,375</u>
984,602	-	770,320	7,637	1,069,870	250,000	319,791
<u>\$ 34,542,004</u>	<u>\$ 23,762,290</u>	<u>\$ 23,090,642</u>	<u>\$ 21,576,505</u>	<u>\$ 29,728,525</u>	<u>\$ 39,419,628</u>	<u>\$ 17,464,166</u>

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

SUMMARY OF REVENUES AND OTHER FINANCING SOURCES - GENERAL GOVERNMENTAL FUNDS*
LAST TEN FISCAL YEARS

	2004		2003		2002
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Modified Accrual
Program revenues:					
Charges for services	\$ 1,759,593	N/A	\$ 1,757,112	N/A	N/A
Operating grants and contributions	1,060,203	N/A	889,377	N/A	N/A
Capital grants and contributions	-	N/A	27,520	N/A	N/A
Total program revenues	2,819,796	N/A	2,674,009	N/A	N/A
General revenues:					
Taxes	17,876,169	\$ 17,866,352	15,256,462	\$ 15,561,106	\$ 16,409,406
Tuition	-	334,407	-	461,365	70,314
Earning on investments	55,339	46,050	96,770	96,770	396,521
Extracurricular	-	401,428	-	351,187	316,609
Classroom materials and fees	-	172,668	-	-	-
Other local revenues	80,522	1,131,665	192,112	1,310,641	520,407
Other revenue	-	-	-	-	-
Intergovernmental	9,250,022	10,035,366	8,531,787	9,168,208	9,497,530
Total general revenues	27,262,052	29,987,936	24,077,131	26,949,277	27,210,787
Other financing sources	-	4,068,490	-	985,759	6,417,588
Total revenue and other financing sources	\$ 30,081,848	\$ 34,056,426	\$ 26,751,140	\$ 27,935,036	\$ 33,628,375

Source: School District Financial Records

* For fiscal years 2003-2004 includes general, special revenue, debt service, and capital projects funds.

For fiscal years 1995-2002 includes general, special revenue, debt service, capital projects, and expendable trust funds.

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
<u>Modified Accrual</u>	<u>Modified Accrual</u>	<u>Modified Accrual</u>	<u>Modified Accrual</u>	<u>Modified Accrual</u>	<u>Modified Accrual</u>	<u>Modified Accrual</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 13,996,136	\$ 14,239,687	\$ 15,320,266	\$ 13,361,623	\$ 11,996,266	\$ 11,014,599	\$ 11,186,974
274,985	116,041	73,962	115,657	142,763	248,688	133,942
1,321,954	564,949	391,988	376,530	831,254	1,231,400	360,480
-	298,466	327,092	-	-	-	-
-	-	-	-	-	-	-
899,992	365,315	389,918	861,595	543,076	1,071,085	430,444
-	-	-	2,450	-	-	25,264
8,647,496	8,396,558	7,669,632	6,969,007	6,534,236	6,152,061	5,639,075
<u>25,140,563</u>	<u>23,981,016</u>	<u>24,172,858</u>	<u>21,686,862</u>	<u>20,047,595</u>	<u>19,717,833</u>	<u>17,776,179</u>
9,632,039	11,331	856,491	8,078	1,069,870	14,275,084	13,727,493
<u>\$ 34,772,602</u>	<u>\$ 23,992,347</u>	<u>\$ 25,029,349</u>	<u>\$ 21,694,940</u>	<u>\$ 21,117,465</u>	<u>\$ 33,992,917</u>	<u>\$ 31,503,672</u>

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

REAL ESTATE, PUBLIC UTILITIES, TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>% of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>% of Total Collection to Levy</u>
2004	\$ 22,729,073	\$ 22,195,379	97.65%	\$ 564,575	\$ 22,759,954	100.14%
2003	17,829,752	17,236,199	96.67%	585,535	17,821,734	99.96%
2002	16,883,622	16,335,246	96.75%	1,056,145	17,391,391	103.01%
2001	16,818,887	16,595,092	98.67%	689,104	17,284,196	102.77%
2000	15,701,448	15,302,781	97.46%	383,568	15,686,349	99.90%
1999	15,700,490	13,960,178	88.92%	2,519,420	16,479,598	104.96%
1998	14,656,715	12,771,754	87.14%	362,036	13,133,790	89.61%
1997	13,992,812	13,594,092	97.15%	252,054	13,846,146	98.95%
1996	13,098,027	12,671,151	96.74%	483,183	13,154,334	100.43%
1995	11,993,096	11,367,240	94.78%	637,230	12,004,470	100.09%

Note: Taxes are assessed and collected on a calendar year schedule, thus 2003 values are the basis for 2004 collections.

Source: Office of the County Auditor, Lucas County, Ohio

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

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS**

Collection Year	Real Property		Personal Property		Public Utility	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	\$ 635,214,030	\$ 1,814,897,229	\$ 49,998,307	\$ 199,993,228	\$ 18,068,900	\$ 72,275,600
2003	551,862,820	1,576,750,914	49,346,647	197,386,588	19,193,390	76,773,560
2002	518,390,910	1,481,116,886	53,683,230	214,732,920	18,260,260	73,041,040
2001	485,539,490	1,387,255,686	50,225,173	200,900,692	26,065,310	104,261,240
2000	366,485,340	1,047,100,971	45,793,313	183,173,252	27,221,980	108,887,920
1999	342,255,340	977,872,400	45,562,589	182,250,356	26,751,720	107,006,880
1998	325,760,450	930,744,143	45,480,928	181,923,712	27,407,090	109,628,360
1997	274,292,000	783,691,429	37,996,504	151,986,016	26,366,930	105,467,720
1996	259,965,730	742,759,229	34,101,714	136,406,856	28,174,500	112,698,000
1995	250,992,560	717,121,600	31,773,041	127,092,164	33,361,980	133,447,920

Source: Office of the County Auditor, Lucas County, Ohio

Total

Assessed Value	Estimated Actual Value	%
\$ 703,281,237	\$ 2,087,166,057	34%
620,402,857	1,850,911,062	34%
590,334,400	1,768,890,846	33%
561,829,973	1,692,417,618	33%
439,500,633	1,339,162,143	33%
414,569,649	1,267,129,636	33%
398,648,468	1,222,296,215	33%
338,655,434	1,041,145,165	33%
322,241,944	991,864,085	32%
316,127,581	977,661,684	32%

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

**PRINCIPAL PROPERTY TAXPAYERS
2003 TAX YEAR COLLECTION YEAR 2004**

	Assessed Valuation	% of Total Assessed Valuation
Real Estate		
1. Spartan Chemical	\$ 5,380,630	0.77%
2. Metropolitan Life	4,034,280	0.57%
3. Manville	3,693,800	0.53%
4. Browning Masonic Community	2,291,700	0.33%
5. Fallen Timbers Fairways	1,505,180	0.21%
6. Heilmann Farms	1,350,590	0.19%
7. Toledo Investment Association	1,253,530	0.18%
8. YMBK at Beaver Creek LTD	1,225,500	0.17%
9. Richard Schaller	1,217,470	0.17%
10. American Can Packaging	1,207,500	0.17%
Tangible Personal Property		
1. Johns Manville International	19,403,270	2.76%
2. Rexam Beverage Can Co.	4,563,830	0.65%
3. Clapp & Haney Tool	3,457,560	0.49%
4. Spartan Chemical Co.	2,833,090	0.40%
5. AGA Gas Inc.	2,088,430	0.30%
6. Parker Hannifan Corp.	948,720	0.13%
7. Ed Schmidt Ford LLC	878,060	0.12%
8. Air Products & Chemicals	824,120	0.12%
9. De Lage Landen	642,700	0.09%
10. Metlife Capital Limited	549,700	0.08%
All Others	643,931,577	91.56%
Total Assessed Valuation as of 1st half of collection calendar 2004	\$ 703,281,237	100.00%

Source: Office of the County Auditor, Lucas County, Ohio
(This is the most current information available)

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

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2004

Assessed Valuation at of 1st half collection calendar 2004	\$ 703,281,237
Voted Debt Margin	
Bonded Debt Limit - 9% of Assessed Valuation as adjusted	63,295,311
Amount of Debt Applicable to Debt Limit (2)	<u>26,496,577</u>
Voted Debt Margin	<u>\$ 36,798,734</u>
Unvoted Debt Margin	
Bonded Debt Limit - .10% of Assessed Valuation	\$ 703,281
Amount of Debt Applicable to Debt Limit	<u>-</u>
Unvoted Debt Margin	<u>\$ 703,281</u>

(1) Section 133.06 of the Ohio Revised Code provides that the principal amount of both voted and unvoted general obligation debt of a school district, exclusive of exempt debt, may not exceed nine percent of the total value of all property in the school district as listed and assessed for taxation.

(2) Outstanding debt provided in Note 10 of the Notes to the Financial Statements.

Source: Office of the Treasurer, Anthony Wayne Local School District

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

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Tax Year	Estimated Population (1)	Assessed Value Real & Personal Property (2)	General Bonded Debt (3)	Ratio Bonded Debt to Assessed Value (%)	Net Bonded Debt Per Capita
2004	21,510	\$ 703,281,237	\$ 26,496,577	3.77%	1,232
2003	21,091	620,402,857	27,054,266	4.36%	1,283
2002	20,671	590,334,400	27,617,075	4.68%	1,336
2001	20,177	561,829,973	21,574,441	3.84%	1,069
2000	19,765	439,500,633	13,849,494	3.15%	701
1999	18,329	414,569,649	14,274,494	3.44%	779
1998	18,161	398,648,468	14,654,494	3.68%	807
1997	17,998	338,655,434	14,994,494	4.43%	833
1996	17,775	322,241,944	15,104,494	4.69%	850
1995	17,606	316,127,581	15,314,494	4.84%	870

- Notes:
- (1) Estimates from the U.S. Census Bureau.
 - (2) Assessed value is based on the 2001 tax year for the 2002 collection year.
 - (3) General bonded debt prepared by the Anthony Wayne Local School District.

Source: Office of the Treasurer, Anthony Wayne Local School District

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

**RATIO OF ANNUAL GENERAL OBLIGATION BONDED DEBT SERVICE EXPENDITURES
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonded Debt Service			Total General Governmental Expenditures (1)	Ratio of General Obligation Bonded Debt Service to Total General Governmental Expenditures
	Principal	Interest	Total		
2004	\$ 840,000	\$ 1,232,912	\$ 2,072,912	\$ 33,383,768	6.21%
2003	905,072	1,244,865	2,149,937	33,159,335	6.48%
2002	500,000	1,170,770	1,670,770	33,298,238	5.02%
2001	295,000	1,183,231	1,478,231	33,557,402	4.41%
2000	425,000	753,163	1,178,163	23,762,290	4.96%
1999	380,000	770,249	1,150,249	22,320,322	5.15%
1998	340,000	784,965	1,124,965	21,568,868	5.22%
1997	110,000	793,828	903,828	28,658,655	3.15%
1996	210,000	888,449	1,098,449	39,169,628	2.80%
1995	205,000	89,508	294,508	17,144,375	1.72%

Source: Office of the Treasurer, Anthony Wayne Local School District

(1) Does not include other financing uses

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

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2004

<u>Jurisdiction</u>	<u>General Obligation Debt</u>	<u>Percent Applicable to School District</u>	<u>Amount Applicable to School District</u>
Direct:			
Anthony Wayne Local School District	\$ 26,496,577	100.00%	\$ 26,496,577
Village of Waterville	2,210,000	100.00%	2,210,000
Village of Whitehouse	2,175,000	100.00%	2,175,000
Total Direct	<u>30,881,577</u>		<u>30,881,577</u>
Overlapping:			
Lucas County	40,177,891	8.02%	3,222,267
Wood County	10,745,000	0.48%	51,576
Swan Creek Township	179,000	0.05%	90
Penta County Career Center Joint Vocational School District	2,925,000	13.35%	390,488
Total Overlapping	<u>54,026,891</u>		<u>3,664,420</u>
Grand total direct and overlapping	<u>\$ 303,193,945</u>		<u>\$ 76,684,158</u>

Source: Ohio Municipal Advisory Council

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

DEMOGRAPHIC STATISTICS
ENROLLMENT DATA
LAST TEN YEARS

School Year	Enrollment K - 12	Enrollment Increase (Decrease)	Percent Increase (Decrease)
2003-04	3,875	167	4.50%
2002-03	3,708	161	4.54%
2001-02	3,547	64	1.84%
2000-01	3,483	33	0.96%
1999-00	3,450	178	5.44%
1998-99	3,272	0	0.00%
1997-98	3,272	(116)	-3.42%
1996-97	3,388	75	2.26%
1995-96	3,313	58	1.78%
1994-95	3,255	0	0.00%

Source: Office of the Treasurer, Anthony Wayne Local School District

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

**TEACHER EDUCATION AND EXPERIENCE
AS OF JUNE 30, 2004**

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	27	11.07%
5-Year Degree	80	32.79%
Bachelor's Degree + 15	9	3.69%
Master's Degree	81	33.20%
Master's Degree + 15	<u>47</u>	<u>19.26%</u>
Total	<u><u>244</u></u>	<u><u>100.00%</u></u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0-5 Years	81	33.20%
6-10 Years	43	17.62%
11-15 Years	26	10.66%
16-20 Years	25	10.25%
21-25 Years	24	9.84%
26-40 Years	<u>45</u>	<u>18.44%</u>
Total	<u><u>244</u></u>	<u><u>100.00%</u></u>

Source: School District Records

**ANTHONY WAYNE LOCAL
SCHOOL DISTRICT**

SUPPLEMENTAL REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2004

TONY SWARTZ, TREASURER

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
Supplemental Reports**

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TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditors’ Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards

Board of Education
Anthony Wayne Local School District
9565 Bucher Road
P.O. Box 2487
Whitehouse, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Wayne Local School District as of and for the fiscal year ended June 30, 2004, and have issued our report thereon dated January 20, 2005. As disclosed in Note 3, the Anthony Wayne Local School District had a prior period restatement to properly restate its intergovernmental payable liability. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Anthony Wayne Local School District’s basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
January 20, 2005

ANTHONY WAYNE LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A),(B) Food Distribution	10.550	N/A	\$ -	\$ 43,512	\$ -	\$ 43,512
(A),(C) National School Lunch	10.555	048207-LL-P4-2003	24,105	-	24,105	-
(A),(C) National School Lunch	10.555	048207-LL-P4-2004	70,248	-	70,248	-
Total U.S. Department of Agriculture and Nutrition Cluster			<u>94,353</u>	<u>43,512</u>	<u>94,353</u>	<u>43,512</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	048207-C1-S1-2004	<u>97,099</u>		<u>96,894</u>	
Special Education: Grants to States	84.027	048207-6B-SF-2003-P	92,563		47,047	
Special Education: Grants to States	84.027	048207-6B-SF-2004-P	191,007		337,703	
Total Special Education: Grants to States			<u>283,570</u>		<u>384,750</u>	
(E) Safe and Drug-Free Schools	84.186	048207-DR-S1-2003	(1,293)		-	
Safe and Drug-Free Schools	84.186	048207-DR-S1-2004	10,678		13,069	
Total Safe and Drug Free Schools			<u>9,385</u>		<u>13,069</u>	
(E) State Grants for Innovative Programs	84.298	048207-C2-S1-2003	(2,517)		-	
State Grants for Innovative Programs	84.298	048207-C2-S1-2004	11,816		39,091	
Total State Grants for Innovative Programs			<u>9,299</u>		<u>39,091</u>	
(E) Technology Literacy Challenge Grant Funds	84.318	048207-TJ-S1-2003	(517)		-	
Technology Literacy Challenge Grant Funds	84.318	048207-TJ-S1-2004	2,020		1,813	
Total Technology Literacy Challenge Grant Funds			<u>1,503</u>		<u>1,813</u>	
(E) Improving Teacher Quality	84.367	048207-TR-S1-2003	(9,116)		-	
Improving Teacher Quality	84.367	048207-TR-S1-2004	63,142		80,179	
Total Improving Teacher Quality			<u>54,026</u>		<u>80,179</u>	
Total U.S. Department of Education			<u>454,882</u>		<u>615,796</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
Community Alternative Funding System	93.778	N/A	<u>65,944</u>		<u>65,944</u>	
Total Federal Financial Assistance			<u>\$ 615,179</u>	<u>\$ 43,512</u>	<u>\$ 776,093</u>	<u>\$ 43,512</u>

- (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.
- (E) Amount transferred to FY04 grant from FY03

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Anthony Wayne Local School District
9565 Bucher Road
P.O. Box 2487
Whitehouse, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Wayne Local School District as of and for the fiscal year ended June 30, 2004, which collectively comprise the Anthony Wayne Local School District's basic financial statements and have issued our report thereon dated January 20, 2005. As disclosed in Note 3, the Anthony Wayne Local School District restated its intergovernmental payable liability. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal 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 opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 management of the Anthony Wayne Local School District in a separate letter dated January 20, 2005.

Board of Education
Anthony Wayne Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Anthony Wayne Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2004-AWLSD-001 and 2004-AWLSD-002. We also noted certain additional matters that we reported to management of Anthony Wayne Local School District in a separate letter dated January 20, 2005.

This report is intended solely for the information and use of the management and Board of Education of Anthony Wayne Local School District, 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.
January 20, 2005

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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
9565 Bucher Road
P.O. Box 2487
Whitehouse, Ohio

Compliance

We have audited the compliance of the 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, 2004. 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 the Anthony Wayne Local School District’s management. Our responsibility is to express an opinion on the 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 Anthony Wayne Local School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Anthony Wayne Local School 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, 2004.

Internal Control Over Compliance

The management of the 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 Anthony Wayne Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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 reportable 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 caused by error or fraud 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 of the management and Board of Education of the Anthony Wayne Local School District, 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.
January 20, 2005

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
JUNE 30, 2004**

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

1. SUMMARY OF AUDITOR'S RESULTS

<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 major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' 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>	Special Education: Grants to States; CFDA#: 84.027
<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, OHIO
JUNE 30, 2004**

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

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

Finding Number	2004-AWLSD-001
----------------	----------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that during the fiscal year ended June 30, 2004, the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$ 776
<u>Debt Service Fund</u>	
Bond Retirement	380,973

With appropriations exceeding estimated resources, the District is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the District comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources. If 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.

Finding Number	2004-AWLSD-002
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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, 2004, the District had a negative cash balance in the Debt Service fund in the amount of \$576,748.

**ANTHONY WAYNE LOCAL SCHOOL DISTRICT
LUCAS COUNTY, OHIO
JUNE 30, 2004**

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

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

Finding Number	2004-AWLSD-002 - (Continued)
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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 record receipts as deposits in transit 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, OHIO
JUNE 30, 2004**

**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
2002-AWLSD-001	Ohio Revised Code Section 5705.39	Not Corrected	The District is attempting to certify to the County amended certificates on a more frequent basis.
2002-AWLSD-002	Ohio Revised Code Section 5705.41(B)	Yes	N/A



**Auditor of State
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ANTHONY WAYNE LOCAL SCHOOL DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 10, 2005**