

CANAL WINCHESTER LOCAL SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

**CUNI & PANICHI**  
INC.  
CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

# **GENERAL PURPOSE FINANCIAL STATEMENTS**

**of the**

**Canal Winchester Local School District**

**for the**

**Fiscal Year Ended June 30, 1999**

**Prepared By**

**Treasurer's Department**

**Joyce Boyer, Treasurer**

**300 Washington Street**

**Canal Winchester, Ohio 43110**

**Canal Winchester Local School District  
General Purpose Financial Statements  
Year Ended June 30, 1999**

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Canal Winchester Local Board of Education

List of Principal Officials

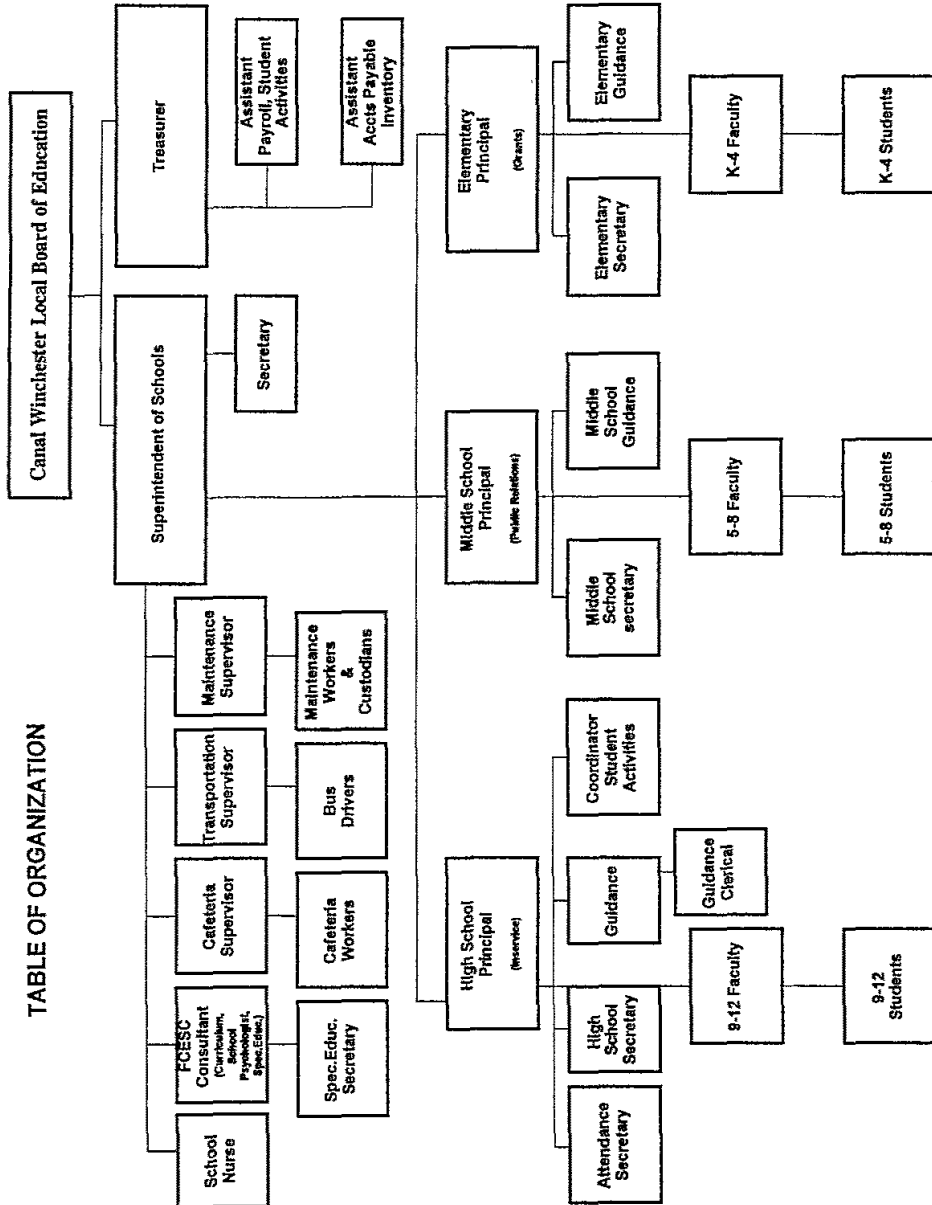
June 30, 1999

BOARD OF EDUCATION	
Marsha S. Ervin. . . . .	President
Deborah L. Long. . . . .	Vice President
Thomas E. Kinsel. . . . .	Member
Tamara Thomas. . . . .	Member
Stanley E. Smith. . . . .	Member

Treasurer
Joyce Boyer

ADMINISTRATION	
Steve Donahue . . . . .	Superintendent
Rodney W. Moorman. . . . .	High School Principal
Barbara J. Harrison . . . . .	Middle School Principal
Ray F. Mowery . . . . .	Elementary School Principal
Greg Dosch . . . . .	Coordinator of Student Activities
John E. Bender . . . . .	Special Education Coordinator

TABLE OF ORGANIZATION





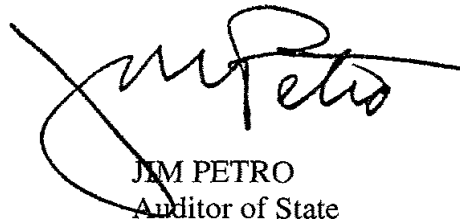
STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
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Board of Education  
Canal Winchester Local School District

We have reviewed the independent auditor's report of the Canal Winchester Local School District, Franklin County, prepared by Ciuni & Panichi, Inc. for the audit period July 1, 1998 through June 30, 1999. 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 Canal Winchester Local School District is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

January 6, 2000

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*Creating economic value through  
knowledge, innovation, commitment, and service*

**CIUNI & PANICHI**  
INC.  
CERTIFIED PUBLIC ACCOUNTANTS

## Report of Independent Accountants

Board of Education  
Canal Winchester Local School District  
Canal Winchester, Ohio

We have audited the accompanying general-purpose financial statements of the Canal Winchester Local School District as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Canal Winchester Local School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Canal Winchester Local School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

As described in Note 11 to the accompanying financial statements, the Canal Winchester Local School District changed its method of accounting for the deferred compensation plan during the year ended June 30, 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 1999 on our consideration of the Canal Winchester Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
October 28, 1999

Canal Winchester Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 1999

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals 1999 (Memorandum) (Only)
	General	Special Revenue	Debt Service		Capital Project	Enterprise	Internal Service	Trust and Agency	General	Fixed Assets	Long Term Debt	
			Service									
<b>Assets and Other Debits:</b>												
Equity in Pooled Cash and Investments	\$ 2,613,475	285,864	547,764	3,447,907	10,919	158,667	159,276	0	0	0	0	\$ 7,223,872
Cash in Segregated Account	0	0	6,269	0	0	0	0	0	0	0	0	6,269
Restricted Assets	119,848	0	0	0	0	0	0	0	0	0	0	119,848
Taxes Receivables	5,806,440	50,789	1,728,916	0	0	0	0	0	0	0	0	7,586,145
Intergovernmental Receivables	70,176	2,245	0	0	0	0	0	0	0	0	0	72,421
Accounts Receivable	50,402	709	0	27,934	20	0	36	0	0	0	0	79,101
Inventory	0	0	0	0	1,137	0	0	0	0	0	0	1,137
Inventory for Resale	0	0	0	0	3,138	0	0	0	0	0	0	3,138
Property, Plant, and Equipment	0	0	0	0	184,596	0	0	18,805,733	0	0	0	18,990,329
Accumulated Depreciation, Where Applicable	0	0	0	0	(125,638)	0	0	0	0	0	0	(125,638)
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	0	0	0	895,332
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	23,112,551
<b>Total Assets and Other Debits</b>	\$ 8,660,341	339,607	2,282,949	3,475,841	74,172	158,667	159,312	18,805,733	24,007,883	0	0	\$ 57,964,505

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)



Canal Winchester Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups, Continued  
 June 30, 1999

	Governmental Fund Types						Proprietary Fund Type		Fiduciary Fund Type		Account Groups		Totals 1999 (Memorandum (Only))
	General	Special Revenue	Debt Service		Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt			
			Service										
<b>Liabilities:</b>													
Intergovernmental Payables	\$ 190,553	1,777	0	0	0	9,927	0	57,850	0	68,371	\$ 328,478		
Matured Bonds Payable	0	0	6,269	0	0	0	0	0	0	0	6,269		
Accounts Payable	134,916	72,933	0	0	0	6	177	529	0	0	208,561		
Accrued Salaries and Benefits	985,064	14,677	0	0	0	6,813	0	0	0	0	1,006,554		
Deferred Revenue	4,158,193	39,002	1,381,348	0	0	1,447	0	0	0	0	5,579,990		
Due to Others	0	0	0	0	0	0	0	20,990	0	0	20,990		
Claims Payable	0	0	0	0	0	0	116,767	0	0	0	116,767		
Contracts Payable	0	0	0	0	924,745	0	0	0	0	0	924,745		
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	0	18,734,860	18,734,860		
Capital Leases Payable	0	0	0	0	0	0	0	0	0	78,638	78,638		
Energy Bonds Payable	0	0	0	0	0	0	0	0	0	973,781	973,781		
Bus Notes Payable	0	0	0	0	0	0	0	0	0	283,000	283,000		
Compensated Absences Payable	8,497	0	0	0	0	2,986	0	0	0	530,124	541,607		
State Construction Loan	0	0	0	0	0	0	0	0	0	3,339,109	3,339,109		
<b>Total Liabilities</b>	<b>5,477,223</b>	<b>128,389</b>	<b>1,367,617</b>	<b>924,745</b>	<b>21,179</b>	<b>116,944</b>	<b>79,369</b>	<b>0</b>	<b>24,007,883</b>	<b>32,143,349</b>			
<b>Fund Equity and Other Credits:</b>													
Investment in General Fixed Assets	0	0	0	0	0	0	0	0	18,805,733	0	18,805,733		
Contributed Capital	0	0	0	0	138,003	0	0	0	0	0	138,003		
Retained Earnings, as restated	0	0	0	0	(85,010)	41,723	0	0	0	0	(43,287)		
<b>Fund Balances:</b>													
Reserved for Encumbrances	118,572	55,089	0	2,442,449	0	0	0	0	0	0	2,616,110		
Reserved for Debt	0	0	547,764	0	0	0	0	0	0	0	547,764		
Reserved for Endowment	0	0	0	0	0	0	0	5,000	0	0	5,000		
Reserved for Budget Stabilization	119,848	0	0	0	0	0	0	0	0	0	119,848		
Reserved for Future Appropriation	1,040,381	11,787	347,568	0	0	0	0	0	0	0	1,399,736		
Unreserved Fund Balance	1,904,317	144,342	0	108,647	0	0	0	74,943	0	0	2,232,249		
<b>Total Fund Balances</b>	<b>3,183,118</b>	<b>211,218</b>	<b>895,332</b>	<b>2,551,096</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,943</b>	<b>0</b>	<b>0</b>	<b>6,920,707</b>		
<b>Total Fund Balances/Retained Earnings and Other</b>	<b>3,183,118</b>	<b>211,218</b>	<b>895,332</b>	<b>2,551,096</b>	<b>52,993</b>	<b>41,723</b>	<b>79,943</b>	<b>18,805,733</b>	<b>0</b>	<b>25,821,156</b>			
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 8,660,341</b>	<b>339,607</b>	<b>2,282,949</b>	<b>3,475,841</b>	<b>74,172</b>	<b>158,667</b>	<b>159,312</b>	<b>18,805,733</b>	<b>24,007,883</b>	<b>\$ 57,964,505</b>			

See Accompanying Notes to the General Purpose Financial Statements.

**Canal Winchester Local School District**  
**Combined Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**All Governmental Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Expendable Trust	(Memorandum Only)
<b>REVENUES:</b>						
Revenue from Local Sources						
Taxes	\$ 7,308,769	55,546	1,782,044	0	0	\$ 9,146,359
Tuition	10,123	0	0	0	0	10,123
Transportation Fees	55,109	0	0	0	0	55,109
Earnings on Investments	257,339	1,891	0	474,764	0	733,994
Extracurricular Activities	24,615	407,479	0	0	0	432,094
Classroom Materials & Fees	94,329	0	0	0	0	94,329
Miscellaneous	143,738	50,233	0	0	610	194,581
Revenue from State Sources						
Unrestricted Grants-in-Aid	3,936,171	4,470	157,166	0	0	4,097,807
Restricted Grants-in-Aid	97,547	316,908	0	1,875	0	416,330
Revenue in Lieu of Taxes	19,278	0	0	0	0	19,278
Revenue for/on Behalf of District	39,795	211	7,701	0	0	47,707
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	0	2,246	0	0	0	2,246
Restricted Grants-in-Aid	0	139,352	0	0	0	139,352
<b>Total Revenue</b>	<b>11,986,813</b>	<b>978,336</b>	<b>1,946,911</b>	<b>476,639</b>	<b>610</b>	<b>15,389,309</b>
<b>EXPENDITURES:</b>						
Instruction						
Regular Instruction	5,179,539	237,426	0	39,411	572	5,456,948
Special Instruction	498,806	89,536	0	0	0	588,342
Vocational Instruction/Other Instruction	322,122	0	0	3,015	610	325,747
Adult/Continuing Education	159	272	0	0	0	431
Supporting Services						
Supporting Services-Pupils	539,289	26,587	0	0	0	565,876
Supporting Services-Instructional Staff	277,623	55,159	0	0	0	332,782
Supporting Services-Board of Education	187,767	0	0	0	0	187,767
Supporting Services-Administration	865,927	3,372	0	0	0	869,299
Fiscal Services	338,547	11,837	20,241	0	0	370,625
Operation & Maintenance-Plant	1,009,700	34,810	0	0	0	1,044,510
Supporting Services-Pupil Transportation	864,605	250	0	0	0	864,855
Supporting Services-Central/Community	18,612	9,365	0	0	0	27,977
Extracurricular Activities						
Academic & Subject Oriented	23,274	244,102	0	0	0	267,376
Occupation Oriented Activities	0	296	0	0	0	296
Sports Oriented	199,288	102,630	0	0	0	301,918
Co-Curricular Activities	0	64,885	0	0	0	64,885
Capital Outlay						
Facility Acquisition & Construction	505	0	0	11,111,311	0	11,111,816
Debt Service						
Repayment of Debt	0	0	1,932,672	0	0	1,932,672
<b>Total Expenditures</b>	<b>10,325,763</b>	<b>880,527</b>	<b>1,952,913</b>	<b>11,153,737</b>	<b>1,182</b>	<b>24,314,122</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,661,050	97,809	(6,002)	(10,677,098)	(572)	(8,924,813)
Other Financing Sources and Uses:						
Sale of Assets	3,320	0	0	0	0	3,320
Other Sources	68	0	0	0	0	68
Transfers-In	0	0	238,064	0	0	238,064
Transfers-Out	(238,064)	0	0	0	0	(238,064)
Other Uses	0	(8)	0	0	0	(8)
<b>Net Other Financing Sources and Uses</b>	<b>(234,676)</b>	<b>(8)</b>	<b>238,064</b>	<b>0</b>	<b>0</b>	<b>3,380</b>
Excess (Deficiency) of Revenue Receipts and Other Sources Over (Under) Expenditure Disbursement and Other Uses	1,426,374	97,801	232,062	(10,677,098)	(572)	(8,921,433)
Beginning Fund Balance	1,756,744	113,417	663,270	13,228,194	75,403	15,837,028
<b>Ending Fund Balance</b>	<b>\$ 3,183,118</b>	<b>211,218</b>	<b>895,332</b>	<b>2,551,096</b>	<b>74,831</b>	<b>\$ 6,915,595</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Canal Winchester Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 6,396,844	6,396,844	0	43,759	43,759	\$ 0
Tuition	10,088	10,163	75	0	0	0
Transportation Fees	48,033	48,506	473	0	0	0
Earnings on Investment	243,711	247,338	3,627	1,891	1,891	0
Extracurricular Activities	24,615	24,615	0	432,746	410,444	(22,302)
Classroom Materials & Fees	91,700	94,021	2,321	0	0	0
Miscellaneous	143,067	143,450	383	44,740	50,233	5,493
State Unrestricted Grants-in-Aid	3,936,171	3,936,171	0	4,470	4,470	0
State Restricted Grants-in-Aid	37,457	37,457	0	316,908	316,908	0
State Revenue for/on Behalf of District	19,278	19,278	0	0	0	0
Revenue in Lieu of Taxes	39,795	39,795	0	211	211	0
Federal Restricted Grants-in-Aid	0	0	0	151,631	151,631	0
<b>Total Revenue</b>	<b>10,990,759</b>	<b>10,997,638</b>	<b>6,879</b>	<b>996,356</b>	<b>979,547</b>	<b>(16,809)</b>
<b>Expenditures:</b>						
Regular Instruction	5,259,760	5,151,734	108,026	284,319	278,292	6,027
Special Instruction	501,229	480,693	20,536	109,151	95,242	13,909
Vocational Instruction	325,565	322,286	3,279	0	0	0
Other Instruction	170	170	0	272	272	0
Support Services-Pupils	557,958	550,729	7,229	30,899	26,149	4,750
Support Services-Instructional Staff	282,960	281,426	1,534	70,614	57,231	13,383
Support Services-Board of Education	194,918	189,998	4,920	0	0	0
Support Services-Administration	923,302	848,885	74,417	7,606	3,372	4,234
Fiscal Services	368,527	346,700	21,827	11,897	11,837	60
Operation & Maintenance-Plant	1,159,488	1,071,722	87,766	43,750	34,910	8,840
Support Services-Transportation	874,191	863,125	11,066	479	479	0
Support Services-Central	18,615	17,496	1,119	3,865	3,865	0
Community Services	0	0	0	10,540	9,075	1,465
Academic & Subject Oriented	23,274	23,274	0	267,800	246,787	21,013
Occupation Oriented Activities	0	0	0	653	296	357
Sports Oriented	198,192	196,456	1,736	124,023	104,574	19,449
Co-Curricular Activities	0	0	0	97,893	65,391	31,702
Facility Acquisition & Construction	2,800	689	2,111	0	0	0
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>10,690,949</b>	<b>10,345,383</b>	<b>345,566</b>	<b>1,062,961</b>	<b>937,772</b>	<b>125,189</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>299,810</b>	<b>652,255</b>	<b>352,445</b>	<b>(66,605)</b>	<b>41,775</b>	<b>108,380</b>
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	3,320	3,320	0	0	0	0
Transfers-In	0	0	0	0	0	0
Refund of Prior Years Expenditures	68	68	0	0	0	0
Transfers-Out	(248,173)	(238,064)	10,109	0	0	0
Refund of Prior Years Receipts	0	0	0	(8)	(8)	0
<b>Total Other Sources (Uses)</b>	<b>(244,785)</b>	<b>(234,676)</b>	<b>10,109</b>	<b>(8)</b>	<b>(8)</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>55,025</b>	<b>417,579</b>	<b>362,554</b>	<b>(66,613)</b>	<b>41,767</b>	<b>108,380</b>
Beginning Fund Balance	1,741,230	1,741,230	0	111,772	111,772	0
Prior Year Carry Over Encumbrances	339,687	339,687	0	6,005	6,005	0
<b>Ending Fund Balance</b>	<b>\$ 2,135,942</b>	<b>2,498,496</b>	<b>362,554</b>	<b>51,164</b>	<b>159,544</b>	<b>\$ 108,380</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Canal Winchester Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types - Continued**  
**Year Ended June 30, 1999**

	Debt Service Fund			Capital Projects Funds		
	Revised	Actual	Variance	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)	Budget		Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 1,522,871	1,522,871	0	0	0	\$ 0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	540,000	541,390	1,390
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	157,166	157,166	0	0	0	0
State Restricted Grants-in-Aid	0	0	0	41,286	41,286	0
State Revenue for/on Behalf of District	0	0	0	0	0	0
Revenue in Lieu of Taxes	7,701	7,701	0	0	0	0
Federal Restricted Grant-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>1,687,738</b>	<b>1,687,738</b>	<b>0</b>	<b>581,286</b>	<b>582,676</b>	<b>1,390</b>
<b>Expenditures:</b>						
Regular Instruction	0	0	0	39,411	39,411	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	3,015	3,015	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	22,000	20,241	1,759	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Facility Acquisition & Construction	0	0	0	14,225,791	14,149,160	76,631
Repayment of Debt	1,932,675	1,932,672	3	0	0	0
<b>Total Expenditures</b>	<b>1,954,675</b>	<b>1,952,913</b>	<b>1,762</b>	<b>14,268,217</b>	<b>14,191,586</b>	<b>76,631</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(266,937)</b>	<b>(265,175)</b>	<b>1,762</b>	<b>(13,686,931)</b>	<b>(13,608,910)</b>	<b>78,021</b>
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	0	0	0	0	0	0
Transfers-In	238,174	238,064	(110)	0	0	0
Refund of Prior Years Expenditures	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Refund of Prior Years Receipts	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>238,174</b>	<b>238,064</b>	<b>(110)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(28,763)</b>	<b>(27,111)</b>	<b>1,652</b>	<b>(13,686,931)</b>	<b>(13,608,910)</b>	<b>78,021</b>
Beginning Fund Balance	574,875	574,875	0	4,271,538	4,271,538	0
Prior Year Carry Over Encumbrances	0	0	0	9,422,840	9,422,840	0
<b>Ending Fund Balance</b>	<b>\$ 546,112</b>	<b>547,764</b>	<b>1,652</b>	<b>7,447</b>	<b>85,468</b>	<b>\$ 78,021</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Canal Winchester Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types - Continued**  
**Year Ended June 30, 1999**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 0	0	0	7,963,474	7,963,474	\$ 0
Tuition	0	0	0	10,088	10,163	75
Transportation Fees	0	0	0	48,033	48,506	473
Earnings on Investment	0	0	0	785,602	790,619	5,017
Extracurricular Activities	0	0	0	457,361	435,059	(22,302)
Classroom Materials & Fees	0	0	0	91,700	94,021	2,321
Miscellaneous	610	610	0	188,417	194,293	5,876
State Unrestricted Grants-in-Aid	0	0	0	4,097,807	4,097,807	0
State Restricted Grants-in-Aid	0	0	0	395,651	395,651	0
State Revenue for/on Behalf of District	0	0	0	19,278	19,278	0
Revenue in Lieu of Taxes	0	0	0	47,707	47,707	0
Federal Restricted Grants-in-Aid	0	0	0	151,631	151,631	0
<b>Total Revenue</b>	<b>610</b>	<b>610</b>	<b>0</b>	<b>14,256,749</b>	<b>14,248,209</b>	<b>(8,540)</b>
<b>Expenditures:</b>						
Regular Instruction	2,183	572	1,611	5,585,673	5,470,009	115,664
Special Instruction	0	0	0	610,380	575,935	34,445
Vocational Instruction	610	610	0	329,190	325,911	3,279
Other Instruction	0	0	0	442	442	0
Support Services-Pupils	0	0	0	588,857	576,878	11,979
Support Services-Instructional Staff	0	0	0	353,574	338,657	14,917
Support Services-Board of Education	0	0	0	194,918	189,998	4,920
Support Services-Administration	0	0	0	930,908	852,257	78,651
Fiscal Services	0	0	0	402,424	378,778	23,646
Operation & Maintenance-Plant	0	0	0	1,203,238	1,106,632	96,606
Support Services-Transportation	0	0	0	874,670	863,604	11,066
Support Services-Central	0	0	0	22,480	21,361	1,119
Community Services	0	0	0	10,540	9,075	1,465
Academic & Subject Oriented	0	0	0	291,074	270,061	21,013
Occupation Oriented Activities	0	0	0	653	296	357
Sports Oriented	0	0	0	322,215	301,030	21,185
Co-Curricular Activities	0	0	0	97,093	65,391	31,702
Facility Acquisition & Construction	73,220	0	73,220	14,301,811	14,149,849	151,962
Repayment of Debt	0	0	0	1,932,675	1,932,672	3
<b>Total Expenditures</b>	<b>76,013</b>	<b>1,182</b>	<b>74,831</b>	<b>28,052,815</b>	<b>27,428,836</b>	<b>623,979</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(75,403)</b>	<b>(572)</b>	<b>74,831</b>	<b>(13,796,066)</b>	<b>(13,180,627)</b>	<b>615,439</b>
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	0	0	0	3,320	3,320	0
Transfers-In	0	0	0	238,174	238,064	(110)
Refund of Prior Years Expenditures	0	0	0	68	68	0
Transfers-Out	0	0	0	(248,173)	(238,064)	10,109
Refund of Prior Years Receipts	0	0	0	(8)	(8)	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,619)</b>	<b>3,380</b>	<b>9,999</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(75,403)</b>	<b>(572)</b>	<b>74,831</b>	<b>(13,802,685)</b>	<b>(13,177,247)</b>	<b>625,438</b>
Beginning Fund Balance	75,403	75,403	0	6,774,818	6,774,818	0
Prior Year Carry Over Encumbrances	0	0	0	9,768,532	9,768,532	0
<b>Ending Fund Balance</b>	<b>\$ 0</b>	<b>74,831</b>	<b>74,831</b>	<b>2,740,665</b>	<b>3,366,103</b>	<b>\$ 625,438</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Canal Winchester Local School District**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**All Proprietary Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
<b>Operating Revenues:</b>				
Food Service	\$ 361,963	0	0	\$ 361,963
Earnings On Investments	0	0	162	162
Charges for Services	0	1,572,842	0	1,572,842
<b>Total Operating Revenue</b>	<b>361,963</b>	<b>1,572,842</b>	<b>162</b>	<b>1,934,967</b>
<b>Operating Expenses:</b>				
Personal Services - Salary	36,084	0	0	36,084
Employee Benefits	25,702	0	0	25,702
Purchased Services	183,477	3,814	0	187,291
Supplies and Materials	192,464	0	487	192,951
Insurance Expenses	0	1,469,285	0	1,469,285
Depreciation	6,628	0	0	6,628
<b>Total Operating Expenses</b>	<b>444,355</b>	<b>1,473,099</b>	<b>487</b>	<b>1,917,941</b>
<b>Operating Income (Loss)</b>	<b>(82,392)</b>	<b>99,743</b>	<b>(325)</b>	<b>17,026</b>
<b>Non-Operating Revenues:</b>				
State Unrestricted Grants-In-Aid	2,398	0	0	2,398
Federal Unrestricted Grants-In-Aid	69,826	0	0	69,826
<b>Total Non-Operating Revenues</b>	<b>72,224</b>	<b>0</b>	<b>0</b>	<b>72,224</b>
<b>Non-Operating Expenses:</b>				
Other Uses	0	70,124	0	70,124
<b>Total Non-Operating Expenses</b>	<b>0</b>	<b>70,124</b>	<b>0</b>	<b>70,124</b>
<b>Net Income (Loss)</b>	<b>(10,168)</b>	<b>29,619</b>	<b>(325)</b>	<b>19,126</b>
<b>Beginning Retained Earning/Fund Balances (as restated)</b>	<b>(74,842)</b>	<b>12,104</b>	<b>5,437</b>	<b>(57,301)</b>
<b>Retained Earnings/Fund Balance at End of Year</b>	<b>\$ (85,010)</b>	<b>41,723</b>	<b>5,112</b>	<b>\$ (38,175)</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Canal Winchester Local School District**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
<b>Cash Flows from Operating Activities</b>				
Operating Income (Loss)	\$ (82,392)	99,743	(325)	\$ 17,026
<b>Adjustment to Reconcile Operating Gain (Loss)</b>				
To Net Cash used in Operating Activities:				
Depreciation	6,628	0	0	6,628
Donated Commodities Used During Year	13,392	0	0	13,392
<b>Net (Increase) Decrease in Assets:</b>				
Accounts Receivable	571	0	0	571
Intergovernmental Receivable	0	0	0	0
Inventory	891	0	0	891
<b>Net Increases (Decreases) in Liabilities:</b>				
Accounts Payable	(1,010)	(430)	266	(1,174)
Intergovernmental Payable	6,684	0	0	6,684
Deferred Revenue	(332)	0	0	(332)
Accrued Wages and Benefits	(613)	0	0	(613)
Claims Payable	0	27,552	0	27,552
Compensated Absences	86	0	0	86
<b>Total Adjustments</b>	<u>26,297</u>	<u>27,122</u>	<u>266</u>	<u>53,685</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(56,095)</b>	<b>126,865</b>	<b>(59)</b>	<b>70,711</b>
<b>Cash Flows from Noncapital Activities:</b>				
Earnings on Investments	0	0	0	0
Grants from State Sources	2,398	0	0	2,398
Grants from Federal Sources	56,434	0	0	56,434
Other Uses	0	(70,124)	0	(70,124)
<b>Net Cash Provided by (Used in) Noncapital Financing Sources</b>	<u>58,832</u>	<u>(70,124)</u>	<u>0</u>	<u>(11,292)</u>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>2,737</b>	<b>56,741</b>	<b>(59)</b>	<b>59,419</b>
<b>Cash and Cash Equivalents at Beginning of Year, (as restated)</b>	<u>8,182</u>	<u>101,926</u>	<u>5,437</u>	<u>115,545</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 10,919</u>	<u>158,667</u>	<u>5,378</u>	<u>\$ 174,964</u>

See Accompanying Notes to the General Purpose Financial Statements.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local District as defined by Section 3311.0 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1998, was 1,740. The District employed 132 certified employees and 57 non-certificated employees. The District is supervised by the Franklin County Educational Service Center, a separate entity.

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

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.



**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

**B. Fund Accounting**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

General Fund - This 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 to the District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

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

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

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

Proprietary Fund Types

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

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

Internal Service Funds - These funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
  - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

- b) Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 1999 operations, have been recorded as deferred revenues.
  
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

**D. Budget and Budgetary Accounting**

All governmental and proprietary fund types are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
  
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer, Superintendent and the Board of Education. Appropriating may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP 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 encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**Encumbrances** - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. During fiscal year 1999, investments were limited to STAR Ohio, repurchase agreements, and certificates of deposit, treasury notes, federal agency securities and banker's acceptances.

Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

For the District, all investment earnings accrue to the General Fund, Special Revenue Funds, Capital Projects Funds and Trust Funds as authorized by board resolution. Interest income earned in fiscal year 1999 totaled \$734,156.

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

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 1999. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available". "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 1999 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**G. Inventories**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**I. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets are disposed in accordance with District policy and guidelines. The District capitalizes all proprietary assets and governmental assets over a threshold of \$500, and those assets who by quantity have a material value. The District does not have any infrastructure.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment and furnishings in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets varying from eight to twenty years.

**J. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

Entitlements:

General Fund

State Foundation Program  
Homestead and Rollback Tax Relief Subsidy  
School Bus Funding

Capital Projects Fund

School Net Grant

Special Revenue Funds

Educational Management Information Systems  
Auxiliary Services Fund

Non-Reimbursable Grants:

Special Revenue Funds

Title I  
Title VI  
Drug Free Schools  
Title VI B  
Eisenhower Math/Science  
OECN Grant  
Serve America Grant  
Professional Development Grant  
Post Secondary Adult Vocational Education Grant

Title III  
Chapter II  
Industrial Training Program

Reimbursable Grants:

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 31% of the District's operating revenue during the 1999 fiscal year.

**K. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to



**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

other funds". Short-term interfund loans are classified as "interfund receivables/payables". At June 30, 1999, the District had no "Due to Other Funds" and no "Interfund Receivables/Payables".

**L. Advances to Other Funds**

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 1999 the District had no long-term interfund loans.

**M. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with fifteen or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

**N. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 1999, the District had \$138,003 in contributed capital.

**O. Long-Term Obligations**

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

**P. Interfund Transactions**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Q. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

**R. Fund Balance Reserves**

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for encumbrances, debt, endowment, budget stabilization and future appropriations.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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 endowment is for the non-expendable principal of the trust funds.

**S. Memorandum Only - Total Columns**

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

**T. Estimates**

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

**Note 2. Budgetary Basis of Accounting**

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Type and Similar Fiduciary Type Fund				
	Governmental Fund Type				Expendable Trust Fund
	General Fund	Special Revenue	Debt Service	Capital Project	
GAAP Basis	\$ 1,426,374	97,801	232,062	(10,677,098)	\$ (572)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(989,175)	1,211	(259,173)	106,037	0
Due to Expenditures:					
Net Adjustments to Expenditure	(19,620)	(57,245)	0	(3,037,849)	0
Budget Basis	<u>\$ 417,579</u>	<u>41,767</u>	<u>(27,111)</u>	<u>(13,608,910)</u>	<u>\$ (572)</u>

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 3. Cash and Investments**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

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

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

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 3. Cash and Investments (continued)**

4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

Deposits: At year end, the carrying amount of the District's deposits was \$853,557 and the bank balance was \$932,734 (\$750,000 in certificates of deposit). Of the bank balance:

1. \$100,000 was covered by Federal Depository Insurance Corporation (FDIC); and
2. \$832,734 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

**Note 3. Cash and Investments (continued)**

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category	Carrying	Market
	2	Value	Value
Federal Agency Securities	X	\$ 1,236,077	\$ 1,236,077
Bankers Acceptance	X	1,333,973	1,333,973
Discount Notes	X	3,000,389	3,000,389
Star Ohio		925,993	925,993
Total Investments		<u>\$ 6,496,432</u>	<u>\$ 6,496,432</u>

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

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

	Cash and Cash Equivalents	Investments
GASB Statement No.9	\$ 7,349,989	
Investments:		
Federal Agency Securities	(1,236,077)	1,236,077
Bankers Acceptance	(1,333,973)	1,333,973
Discount Notes	(3,000,389)	3,000,389
STAR Ohio	(925,993)	925,993
GASB Statement No.3	<u>\$ 853,557</u>	<u>\$ 6,496,432</u>

**Note 4. Property Tax**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 4. Property Tax (continued)**

assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Franklin County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 1993, an update was done in 1998. The next revaluation is scheduled for 2000. 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 usually due February 14, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Franklin County Treasurer collects property tax on behalf of the District. The Franklin County Auditor remits to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance; \$1,399,736 at June 30, 1999. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 1999 for operations was \$55.86 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 1999 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$	25,900,810
Real Property-Residential/Agricultural		139,013,080
Real Property-Public Utilities		20,340
Real Property-Minerals		17,470
Personal Property-General		16,615,849
Personal Property-Public Utilities		23,197,260
		204,764,809
Total Assessed Value	\$	204,764,809

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 5. Income Tax**

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 19, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**Note 6. Receivables**

Receivables at June 30, 1999 consisted of taxes, accounts (miscellaneous), 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 guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
Bus Subsidies	\$ 69,426
Drivers Education	<u>750</u>
Total General Fund	70,176
Special Revenue Fund:	
E Rate	<u>2,245</u>
Grand Total	<u><u>\$ 72,421</u></u>

**Note 7. Fixed Assets**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 1999:

Furniture and Equipment	\$ 184,596
Less Accumulated Depreciation	<u>(125,638)</u>
Net Fixed Assets	<u><u>\$ 58,958</u></u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 1999:



**Canal Winchester Local School District**  
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**Note 7. Fixed Assets (continued)**

	General Fixed Assets June 30, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Land and Improvements	\$ 1,317,160	0	0	\$ 1,317,160
Buildings	11,295,050	0	0	11,295,050
Construction in Progress	1,902,646	1,548,471	0	3,451,117
Furniture and Equipment	1,557,701	257,396	7,413	1,807,684
Vehicles	813,024	174,052	52,354	934,722
<b>Total General Fixed Assets</b>	<b>\$ 16,885,581</b>	<b>1,979,919</b>	<b>59,767</b>	<b>\$ 18,805,733</b>

**Note 8. Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$714,012, \$583,500, and \$506,820, respectively; 81.3 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$133,288 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 8. Defined Benefit Pension Plans (continued)**

cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$153,924, \$128,874, and \$107,448, respectively; 40 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$105,321 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 9. Postemployment Benefits**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 3.5 percent. For the District, this amount equaled \$178,503 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 9. Postemployment Benefits (continued)**

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

For the fiscal year ending June 30, 1998 (the latest information available), employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million (the latest information available). SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$76,132 during the 1999 fiscal year.

**Note 10. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The administrators accumulate vacation based upon the following schedule:

Eleven Month Administrators		Twelve Month Administrators	
Years Service	Vacation Days	Years Service	Vacation Days
0-15	15	0-15	20
16-beyond	20	16-beyond	25

One to ten days may be carried over per year without Board approval up to a total of 35 days. Additional days carried over require Board approval.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Classified employees may carry one to ten days over per year without Board approval to a total of twenty days. Additional days carried over require Board approval.

The Classified personnel accumulate vacation based on the following schedule:

Years Service	Vacation Days
0-5	10
6-10	12
11-15	15
16-beyond	20

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 10. Compensated Absences (continued)**

Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees is 210 days.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to forty-five days.

For certified and classified employees, separation severance is paid to each employee upon resignation from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of fifteen consecutive years at the time of retirement.

Any employee receiving separation severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to forty-five days.

**Note 11. Change in Accounting Principles**

The District has implemented GASB Statement No 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through 1998. On September 1, 1998, the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the District has no fiduciary responsibility. Therefore, the balance at June 30, 1998 in the Ohio Public Employees Deferred Compensation Board deferred compensation plan of \$177,175 was shown as a reduction in the deferred compensation agency fund.

**Note 12. Risk Management**

**A. General Risk**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate. The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 12. Risk Management (continued)**

The District maintains replacement cost insurance on buildings and contents in the amount of \$22,597,520.

**B. Workers Compensation-Public Entity Risk Pool**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP'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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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 percentage 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.

**C. Health Insurance**

The District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs. This self-insurance fund was established for the purpose of accumulating balances sufficient to self-insure basic medical, dental, vision, and prescription drug coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Claims payments are made on an as-incurred basis, thus no "reserve" remains with the insurance carrier. Effective July 1, 1997, the District terminated the independent carrier full indemnity insurance for basic medical, and prescription drug coverage and joined the South Central Ohio Insurance Consortium. The District maintains an independent self-insurance fund for dental coverage.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 12. Risk Management (continued)**

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of \$116,767, at June 30, 1999.

A summary of changes in self-insurance claims for the year ended June 30, 1999:

Claim Liabilities at June 30, 1998	\$	89,214
Incurred Claims		803,825
Claims Paid		(776,272)
Claim Liabilities at June 30, 1999	\$	116,767

SCOIC currently includes six member school districts. Contributions are determined by the consortium's board of directors and are remitted monthly to the consortium's fiscal agent, who then pays all incurred claims. Thus actual cash "reserves" are held by the fiscal agent.

Professional Risk Management, Inc., a third party administrator, services all health/medical claims submitted by employees. An excess coverage insurance policy covers individual claims in excess of \$40,000 and \$2,000,000 lifetime maximum, per employee consortium wide.

**Note 13. Notes and Long-Term Debt**

A summary of changes in long-term obligations for the year ended June 30, 1999, are as follows:

	Balance				Balance
	July 1, 1998	Additions	Deletions		June 30, 1999
Intergovernmental Payable	\$ 52,847	68,371	52,847	\$	68,371
General Obligation Bonds Payable	19,265,860	0	531,000		18,734,860
Capital Leases Payable	99,010	0	20,372		78,638
H.B. 264 Energy Notes	1,083,781	0	110,000		973,781
School Bus Notes	311,000	0	28,000		283,000
State Construction Loan	3,387,550	0	48,441		3,339,109
Compensated Absences Payable	612,819	530,124	612,819		530,124
Total	\$ 24,812,867	598,495	1,403,479	\$	24,007,883

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 13. Notes and Long-Term Debt (continued)**

General Obligation Bonds:

\$14,740,000 of the outstanding general obligation bonds relates to a new project issued April, 1998, for which bonds were issued for the purpose of constructing and equipping a new elementary school and improving the site thereof. These bonds mature December 2025 and have an interest rate of 5.3%.

\$165,000 of the outstanding general obligation bonds relate to a new project issued May, 1998, for which bonds were issued for the purpose of constructing and equipping a modular facility on the high school site for the administrative services. These bonds mature December 2008, and of the Revised Code and Section 133.09 thereof. This issue is funded through revenue generated from .01 of one percent of the inside millage and have an interest rate of 5.55%.

\$3,699,860 of the outstanding general obligation bonds relate to a project issued June, 1993, for which bonds were issued for the purpose of constructing and equipping a new high school and improving the site thereof. These bonds mature December 2013, and have an interest rate of 5.317%.

\$130,000 of the outstanding general obligation bonds relates to a project issued February, 1981, for which bonds were issued for the purpose of renovation of the middle/elementary building and purchase of school buses. These bonds mature December 2003, and have an interest rate of 7.02%.

All the general obligation bonds are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

The annual maturities of the general obligation bonds as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY2000	\$ 665,000	900,735	\$ 1,565,735
FY2001	830,000	867,919	1,697,919
FY2002	965,000	921,842	1,886,842
FY2003	584,000	876,857	1,460,857
FY2004	610,000	868,026	1,478,026
FY2005 and thereafter	15,080,860	11,097,899	26,178,759
	<u>\$ 18,734,860</u>	<u>15,533,278</u>	<u>\$ 34,268,138</u>

Capital Leases Payable:

The District is making installment payments on two copiers. This equipment has been capitalized in the general fixed assets account group. This obligation has an outstanding balance of \$78,638 at June 30, 1999.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

**Note 14. Notes and Long-Term Debt (continued)**

Payment for the installment purchase obligations as of June 30, 1999:

	Year Ending June 30
FY2000	\$ 27,557
FY2001	27,557
FY2002	27,557
FY2003	6,893
	89,564
Less interest:	(10,926)
Present Value of Minimum Lease Payments	\$ 78,638

State Construction Loan:

In 1991, the District received a \$3,816,425 interest free loan from the State of Ohio for the construction of classroom facilities. During fiscal year 1999 the District repaid \$48,441 of the state loan. Pursuant to changes to Section 3318.082 ORC and Section 3318.06 as amended, the District may retain half of the half-mill locally for maintenance of classroom facilities constructed or renovated if the District's adjusted valuation per pupil is greater than the statewide median adjusted valuation per pupil. The District retained half of the half-mill locally as per the amendment. The state loan is exempt from debt limitations.

School Bus Bonds:

The District has issued bonds in the amount of \$340,000 for the purchase of school buses. This financing is authorized by the Ohio Revised Code Section 133.15A and Ohio Revised Code Section 3327.08. The bonds mature in 2007.

	Principal	Interest	Payment
FY2000	\$ 30,000	15,183	\$ 45,183
FY2001	31,000	13,608	44,608
FY2002	32,000	11,980	43,980
FY2003	34,000	10,268	44,268
FY2004	35,000	8,450	43,450
FY2005 and thereafter	121,000	13,523	134,523
	\$ 283,000	73,012	\$ 356,012



**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 13. Notes and Long-Term Debt (continued)**

H. B. 264 Energy Notes:

The Board of Education has authorized the issuance of Energy Conservation notes in the original amount of \$1,288,781 as authorized by House Bill 264. The notes are to be paid by the General Fund from energy expense savings. The notes were dated January 31, 1998, and mature in 2006, with interest payable at 5.75%.

The annual maturities of the notes as of June 30, 1998, and related interest payments are as follows:

	Principal	Interest	Payment
FY2000	\$ 115,000	55,992	\$ 170,992
FY2001	125,000	49,380	174,380
FY2002	130,000	7,493	137,493
FY2003	140,000	10,268	150,268
FY2003	145,000	26,667	171,667
FY2004 and thereafter	318,781	86,898	405,679
	<u>\$ 973,781</u>	<u>236,698</u>	<u>\$ 1,210,479</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation, unless approved by the State Superintendent of Instruction. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has issued \$176,000 in unvoted debt, the District's unvoted debt limit is \$204,765. The voted debt limit at June 30, 1999 is \$18,428,833.

**Note 14. Operating Leases**

The District currently owes minimum future rental payments for copy machines in the following amounts as of June 30, 1999:

Operating Leases	Year Ending
Schedule of Minimum Future Rental Payments	June 30
FY2000	\$ 9,408
FY2001	784
Present Value of Minimum Lease Payments	<u>\$ 10,192</u>

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 15. Segments of Enterprise Activities**

Key financial data for the District's Enterprise Funds for the year ended June 30, 1999, are as follows:

	Lunchroom Fund
Operating Revenues	\$ 361,963
Operating Expenses:	
Depreciation	(6,628)
Other Expenses	(437,727)
Total Operating Expenses	(444,355)
Operating Loss	(82,392)
Non Operating Revenues and Expenses:	
Grants	59,164
Federal Commodities	13,060
Net Loss	\$ (10,168)
Net Working Capital	\$ (5,965)
Total Assets	\$ 74,172
Fixed Assets Disposed	\$ 2,693
Total Contributed Capital	\$ 138,003
Retained Earnings	\$ (85,010)

**Note 16. Jointly Governed Organization**

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. MEC is established under the Ohio Revised Code chapter 167 as a regional council of governments. The governing board of MEC consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is it's own fiscal agent. MEC provides computer services to the District.

The District has an equity interest that is explicit and measurable in that the joint venture agreement stipulates that the participants have a future claim to the net resources of MEC upon dissolution. MEC is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 16. Jointly Governed Organization (continued)**

Financial information can be obtained from the offices of the Director, Metropolitan Educational Council, 6100 Channingway Blvd., Columbus, Ohio.

South Central Ohio Insurance Consortium - The South Central Ohio Insurance Consortium (SCOIC) is a Regional Council of Governments organized under Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The District does not have an ongoing financial interest in or ongoing financial responsibility for the SCOIC other than claims paid on behalf of the District for District employees.

**Note 18. Contractual Commitments**

At June 30, 1999 the District had construction in progress for the construction and equipping of a new elementary school and a modular building for administrative services and renovation and repair of the middle school. The remaining commitment on these construction contracts total \$3,451,117.

**Note 19. Fund Deficits**

Retained Earnings:

Retained Earnings at June 30, 1999, included the following individual fund deficits:

Enterprise Fund: Food Services Fund (\$85,010)

This deficit is a result of recognition of accruals. The general fund is liable for any deficit in the funds and provides operating transfers when cash is required, not when accruals occur.

**Note 20. School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$3,444,744 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution.

The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of this date, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

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**Note 20. School Funding Decision (continued)**

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

**Note 21. Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

**B. Litigation**

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 1999.

**Note 22. Year 2000 Issue**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District has three buildings with power systems which have extensive efficiency utilization measures within the systems.

The District utilizes Metropolitan Education Council, an external service organization, for its accounting and financial reporting. Metropolitan Education Council is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Tax collection for the District is handled by Fairfield and Franklin Counties. The Counties are responsible for remediating these systems.

The District currently is assessing the changes needed in the power systems. Systems may have to be remediated, and tested and validated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success or related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

**Canal Winchester Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 1999**

**Note 23. Statutory Reserves**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1998	\$ 0	0	39,752	\$ 39,752
Current Year Set-Aside Requirement	160,192	160,192	80,096	400,480
Qualifying Disbursements	(160,192)	(160,192)	0	(320,384)
<b>Total</b>	<b>\$ 0</b>	<b>0</b>	<b>119,848</b>	<b>\$ 119,848</b>
Cash Balance Carried Forward to FY2000	<u>\$ 0</u>	<u>0</u>	<u>119,848</u>	
Amount Restricted for Budget Stabilization				<u>\$ 119,848</u>
Total Restricted Assets				<u>\$ 119,848</u>

**Note 24. Prior Period Adjustment**

In the prior year, the District did not include the equity with the fiscal agent for the internal service fund in the amount of \$36,363. The effect of this correction for the year ended June 30, 1998 is as follows:

	Internal Service Fund
Equity in pooled cash as previously reported	\$ 65,563
Restatement of cash with fiscal agent	36,363
<b>Restated Equity in pooled cash at June 30, 1998</b>	<b><u>\$ 101,926</u></b>
Retained Earnings as previously reported	\$ (24,259)
Restatement of cash with fiscal agent	36,363
<b>Restated Retained Earnings at June 30, 1998</b>	<b><u>\$ 12,104</u></b>

**Report on Compliance and on Internal Control  
Required by *Government Auditing Standards***

Board of Education  
Canal Winchester Local School District  
Canal Winchester, Ohio

We have audited the financial statements of the Canal Winchester Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated October 28, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Canal Winchester 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Canal Winchester Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of Canal Winchester Local School District in a separate letter dated October 28, 1999.

This report is intended for the information of the Canal Winchester Local School District's Board of Education, the Canal Winchester Local School District's 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.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
October 28, 1999

**CANAL WINCHESTER LOCAL SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS**

**JUNE 30, 1999**

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

(d)(I)(j)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

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

Not applicable.

**3. FINDINGS**

Not applicable.

**CANAL WINCHESTER LOCAL SCHOOL DISTRICT**

SCHEDULE OF PRIOR AUDIT FINDINGS

**JUNE 30, 1999**

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There were no prior audit findings.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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CANAL WINCHESTER LOCAL SCHOOL DISTRICT  
FRANKLIN 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.

By: Susan Babbitt

Date: JAN 25 2000