



**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

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## REPORT INDEPENDENT ACCOUNTANTS

Westfall Local School District  
Pickaway County  
19643 Pherson Pike  
Williamsport, Ohio 43164

To the Board of Education

We have audited the accompanying general-purpose financial statements of the Westfall Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 Westfall Local School District, Pickaway County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**JIM PETRO**  
Auditor of State

December 8, 2000

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**WESTFALL LOCAL SCHOOL DISTRICT  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	Governmental Fund Types			Proprietary		Fiduciary	Account Groups		Totals	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 95,854	273,123	148,287	6,967,321	991	43,877	108,990	0	0	\$ 7,638,443
Cash with Fiscal Agent	0	0	0	0	0	24,781	0			24,781
Restricted Assets	193,258	0	0	0	0	0	0	0	0	193,258
Taxes Receivable	4,278,198	0	497,657	68,247	0	0	0	0	0	4,844,102
Interfund Receivables	108,912	0	0	0	0	0	0			108,912
Due from Other Funds	0	0	0	0		0	144,719	0	0	144,719
Intergovernmental Receivables	1,950	53,130	0	0	27,473	0	0	0	0	82,553
Accounts Receivable	5,129	0	0	0	0	0	17	0	0	5,146
Supply Inventory	10,898	0	0	0	435	0	0	0	0	11,333
Inventory for Resale	0	0	0	0	1,592	0	0	0	0	1,592
Prepaid Claims	0	0	0	0	0	248,966	0	0	0	248,966
Property, Plant & Equipment	0	0	0	0	246,236	0	0	7,994,757	0	8,240,993
Accumulated Depreciation, Where Applicable	0	0	0	0	(135,261)	0	0	0	0	(135,261)
Amount Available in Debt Service	0	0	0	0	0	0	0	0	217,987	217,987
Amount to be Provided for Retirement of GLTD	0	0	0	0	0	0	0	0	7,188,339	7,188,339
<b>Total Assets and Other Debits</b>	<b>\$ 4,694,199</b>	<b>326,253</b>	<b>645,944</b>	<b>7,035,568</b>	<b>141,466</b>	<b>317,624</b>	<b>253,726</b>	<b>7,994,757</b>	<b>7,406,326</b>	<b>\$ 28,815,863</b>

(Continued)

**WESTFALL LOCAL SCHOOL DISTRICT  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS, Continued  
JUNE 30, 2000**

	Governmental Fund Types				Proprietary	Internal	Fiduciary	Account Groups		Totals
	General	Special Revenue	Debt Service	Capital Project	Fund Type Enterprise		Trust and Agency	General Fixed Assets	General Long Term	(Memorandum Only)
<b>Liabilities:</b>										
Interfund Payables	\$ 0	51,112	0	0	57,000	0	800	0	0	\$ 108,912
Due to Other Funds	144,711	0	0	0	8	0	0	0	0	144,719
Intergovernmental Payables	4,437	316	0	0	4,448	0	229,463	0	78,284	316,948
Accounts Payable	98,854	388	0	2,751	0	0	116	0	0	102,109
Accrued Salaries and Benefits	747,578	34,344	0	0	21,779	0	0	0	0	803,701
Deferred Revenue	3,678,003	53,130	427,957	57,686	383	0	0	0	0	4,217,159
Claims Payable	0	0	0	0	0	144,227	0	0	0	144,227
Due to Student Activities	0	0	0	0	0	0	23,347	0	0	23,347
Bonds Payable	0	0	0	0	0	0	0	0	6,505,731	6,505,731
Compensated Absences Payable	14,319	0	0	0	11,124	0	0	0	822,311	847,754
<b>Total Liabilities</b>	<b>4,687,902</b>	<b>139,290</b>	<b>427,957</b>	<b>60,437</b>	<b>94,742</b>	<b>144,227</b>	<b>253,726</b>	<b>0</b>	<b>7,406,326</b>	<b>13,214,607</b>
<b>Fund Equity and Other Credits:</b>										
Investment in General Fixed Assets	0	0	0	0	0	0	0	7,994,757	0	7,994,757
Retained Earnings	0	0	0	0	46,724	173,397	0	0	0	220,121
<b>Fund Balances:</b>										
Reserved for HB412	193,258	0	0	0	0	0	0	0	0	193,258
Reserved for Supply Inventory	10,898	0	0	0	0	0	0	0	0	10,898
Reserved for Encumbrances	75,093	32,699	0	18,113	0	0	0	0	0	125,905
Reserved for Future Appropriations	600,195	0	69,700	10,561	0	0	0	0	0	680,456
Unreserved Fund Balance	(873,147)	154,264	148,287	6,946,457	0	0	0	0	0	6,375,861
<b>Total Fund Balances</b>	<b>6,297</b>	<b>186,963</b>	<b>217,987</b>	<b>6,975,131</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,386,378</b>
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	<b>6,297</b>	<b>186,963</b>	<b>217,987</b>	<b>6,975,131</b>	<b>46,724</b>	<b>173,397</b>	<b>0</b>	<b>7,994,757</b>	<b>0</b>	<b>15,601,256</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 4,694,199</b>	<b>326,253</b>	<b>645,944</b>	<b>7,035,568</b>	<b>141,466</b>	<b>317,624</b>	<b>253,726</b>	<b>7,994,757</b>	<b>7,406,326</b>	<b>\$ 28,815,863</b>

See Accompanying Notes to the General Purpose Financial Statements



**WESTFALL LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum) (Only)
<b>REVENUES:</b>					
Revenue from Local Sources					
Taxes	\$ 3,827,575	0	289,243	43,825	\$ 4,160,643
Tuition	92,935	0	0	0	92,935
Earnings on Investments	97,679	836	7,245	146,616	252,376
Extracurricular Activities	10,670	175,067	0	0	185,737
Classroom Materials & Fees	33,381	0	0	0	33,381
Miscellaneous	35,006	11,060	0	0	46,066
Revenue from Intermediate Sources					
Revenue in Lieu of Taxes	4,768	0	0	0	4,768
Revenue from State Sources					
Unrestricted Grants-in-Aid	4,940,262	32,488	22,160	0	4,994,910
Restricted Grants-in-Aid	112,237	54,917	0	433,978	601,132
Revenue from Federal Sources					
Unrestricted Grants-in-Aid	0	477,790	0	0	477,790
Total Revenue	<u>9,154,513</u>	<u>752,158</u>	<u>318,648</u>	<u>624,419</u>	<u>10,849,738</u>
<b>EXPENDITURES:</b>					
Instruction:					
Regular	4,614,885	161,023	0	24,690	4,800,598
Special Instruction	565,336	248,512	0	0	813,848
Vocational	16,660	0	0	0	16,660
Supporting Services:					
Pupils	229,084	5,954	0	0	235,038
Instructional Staff	451,994	210,948	0	75	663,017
Board of Education	118,045	1,805	0	0	119,850
Administration	1,024,649	13,716	0	0	1,038,365
Fiscal Services	245,547	0	4,709	713	250,969
Business	76,344	0	0	0	76,344
Operation & Maintenance-Plant	871,119	606	0	0	871,725
Pupil Transportation	814,904	6,239	0	0	821,143
Central	52,698	16,868	0	0	69,566
Community Services	437	23,893	0	0	24,330
Extracurricular Activities					
Academic & Subject Oriented	26,262	28,024	0	0	54,286
Occupation Oriented	0	703	0	0	703
Sports Oriented	105,703	93,810	0	0	199,513
Co-Curricular Activities	15,366	0	0	0	15,366
Capital Outlay:					
Architecture & Engineering	0	0	0	176,554	176,554
Building Improvement	0	0	0	139,609	139,609
Debt Service:					
Repayment of Debt	0	0	119,750	0	119,750
Total Expenditures	<u>9,229,033</u>	<u>812,101</u>	<u>124,459</u>	<u>341,641</u>	<u>10,507,234</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(74,520)	(59,943)	194,189	282,778	342,504
Other Financing Sources and Uses:					
Other Financing Sources					
Sale & Loss of Assets	512	0	0	0	512
Proceeds from Sale of Bonds	0	0	0	6,507,000	6,507,000
Transfers-In	50,545	4,529	0	90,000	145,074
Other Sources	60,611	3,698	0	0	64,309
Other Financing Uses					
Transfer-Out	(92,529)	(33,966)	0	(18,579)	(145,074)
Other Expenditures	(37,141)	(2,000)	0	0	(39,141)
Net Other Financing Sources and Uses	<u>(18,002)</u>	<u>(27,739)</u>	<u>0</u>	<u>6,578,421</u>	<u>6,532,680</u>
Excess (Deficiency) of Revenues and Other Sources					
Over Expenditures and Other Uses	(92,522)	(87,682)	194,189	6,861,199	6,875,184
Increase Supply Inventory	3,307	0	0	0	3,307
Beginning Fund Balance	<u>95,512</u>	<u>274,645</u>	<u>23,798</u>	<u>113,932</u>	<u>507,887</u>
Ending Fund Balance	<u>\$ 6,297</u>	<u>186,963</u>	<u>217,987</u>	<u>6,975,131</u>	<u>\$ 7,386,378</u>

See Accompanying Notes to the General Purpose Financial Statements

**WESTFALL LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,711,914	3,479,691	(232,223)	0	0	\$ 0
Tuition	32,000	92,935	60,935	0	0	0
Earnings on Investment	70,000	97,715	27,715	800	836	36
Extracurricular Activities	10,500	10,670	170	176,129	175,073	(1,056)
Classroom Materials & Fees	28,300	33,344	5,044	0	0	0
Miscellaneous	10,000	35,541	25,541	(505)	11,060	11,565
Revenue in Lieu of Taxes	1,000	4,768	3,768	0	0	0
State Unrestricted Grants-in-Aid	4,940,000	4,962,422	22,422	32,488	32,488	0
State Restricted Grants-in-Aid	75,702	110,287	34,585	53,843	54,917	1,074
Revenue for/on Behalf of District	8,000	0	(8,000)	0	0	0
Federal Unrestricted Grants-in-Aid	2,000	0	(2,000)	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	415,290	477,790	62,500
<b>Total Revenue</b>	<b>8,889,416</b>	<b>8,827,373</b>	<b>(62,043)</b>	<b>678,045</b>	<b>752,164</b>	<b>74,119</b>
Expenditures:						
Regular Instruction	4,591,903	4,591,785	118	215,373	173,167	42,206
Special Instruction	551,395	551,383	12	285,783	257,836	27,947
Vocational Instruction	16,350	16,259	91	0	0	0
Support Services-Pupils	233,420	232,181	1,239	11,183	9,004	2,179
Support Services-Instructional Staff	461,686	460,955	731	228,566	210,520	18,046
Support Services-Board of Education	124,849	124,849	0	1,805	1,805	0
Support Services-Administration	1,029,084	1,029,084	0	24,008	13,716	10,292
Fiscal Services	246,307	244,811	1,496	0	0	0
Support Services-Business	77,019	77,019	0	0	0	0
Operation & Maintenance-Plant	820,316	813,396	6,920	706	606	100
Support Services-Transportation	823,418	810,866	12,552	6,487	6,239	248
Support Services-Central	54,682	54,664	18	22,868	16,868	6,000
Community Service	0	0	0	23,896	23,893	3
Academic & Subject Oriented	26,349	25,872	477	38,220	32,106	6,114
Occupation Oriented Act.	0	0	0	921	813	108
Sports Oriented	103,876	103,876	0	110,944	102,917	8,027
Co-Curricular Activities	14,897	14,897	0	0	0	0
Architecture & Engineering	0	0	0	0	0	0
Building Improvement	0	0	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>9,175,551</b>	<b>9,151,897</b>	<b>23,654</b>	<b>970,760</b>	<b>849,490</b>	<b>121,270</b>
Excess of Revenue Over (Under) Expenditures	(286,135)	(324,524)	(38,389)	(292,715)	(97,326)	195,389
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	512	512	0	0	0
Proceeds from Sale of Notes	0	0	0	0	0	0
Transfer-In	40,000	90,545	50,545	9,604	4,529	(5,075)
Advances-In	0	0	0	0	51,112	51,112
Refund of Prior Year Expenditures	0	15,628	15,628	0	3,698	3,698
Transfer-Out	(285,822)	(92,529)	193,293	(33,966)	(33,966)	0
Advances-Out	(108,912)	(108,912)	0	0	0	0
Refund of Prior Year Receipts	(37,121)	(37,121)	0	0	0	0
Other Uses	(20)	(20)	0	(42,850)	(2,000)	40,850
<b>Total Other Sources (Uses)</b>	<b>(391,875)</b>	<b>(131,897)</b>	<b>259,978</b>	<b>(67,212)</b>	<b>23,373</b>	<b>90,585</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(678,010)	(456,421)	221,589	(359,927)	(73,953)	285,974
Beginning Fund (Deficit) Balance	571,411	571,411	--	291,516	291,516	--
Prior Year Carry Over Encumbrances	116,801	116,801	--	22,485	22,485	--
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 10,202</b>	<b>231,791</b>	<b>221,589</b>	<b>(45,926)</b>	<b>240,048</b>	<b>\$ 285,974</b>

(Continued)

**WESTFALL LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ALL GOVERNMENTAL FUND TYPES - Continued**  
**YEAR ENDED JUNE 30, 2000**

	Debt Service Funds			Capital Project Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 219,543	219,543	0	33,264	33,264	\$ 0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	7,245	7,245	60,000	146,616	86,616
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	15,779	433,978	418,199
State Restricted Grants-in-Aid	0	0	0	0	0	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>219,543</b>	<b>226,788</b>	<b>7,245</b>	<b>109,043</b>	<b>613,858</b>	<b>504,815</b>
Expenditures:						
Regular Instruction	0	0	0	47,837	25,879	21,958
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	75	75	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	99,793	4,708	95,085	33,264	713	32,551
Support Services-Business	0	0	0	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 Act.	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Architecture & Engineering	0	0	0	6,567,500	187,354	6,380,146
Building Improvement	0	0	0	153,821	144,084	9,737
Repayment of Debt	6,625,482	6,625,482	0	0	0	0
<b>Total Expenditures</b>	<b>6,725,275</b>	<b>6,630,190</b>	<b>95,085</b>	<b>6,802,497</b>	<b>358,105</b>	<b>6,444,392</b>
Excess of Revenue Over (Under) Expenditures	(6,505,732)	(6,403,402)	102,330	(6,693,454)	255,753	6,949,207
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	0	0	0
Proceeds from Sales of Notes	6,505,732	6,505,732	0	6,507,000	6,507,000	0
Transfer-In	0	0	0	90,000	90,000	0
Advances-In	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Transfer-Out	0	0	0	(18,579)	(18,579)	0
Advances-Out	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>6,505,732</b>	<b>6,505,732</b>	<b>0</b>	<b>6,578,421</b>	<b>6,578,421</b>	<b>0</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	102,330	102,330	(115,033)	6,834,174	6,949,207
Beginning Fund (Deficit) Balance	23,797	23,797	--	87,111	87,111	--
Prior Year Carry Over Encumbrances	0	0	--	27,922	27,922	--
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 23,797</b>	<b>126,127</b>	<b>102,330</b>	<b>0</b>	<b>6,949,207</b>	<b>\$ 6,949,207</b>

(Continued)

**WESTFALL LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ALL GOVERNMENTAL FUND TYPES - Continued**  
**YEAR ENDED JUNE 30, 2000**

	Totals (Memorandum Only)		
	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)
Revenues:			
Taxes	3,964,721	3,732,498	\$ (232,223)
Tuition	32,000	92,935	60,935
Earnings on Investment	130,800	252,412	121,612
Extracurricular Activities	186,629	185,743	(886)
Classroom Materials & Fees	28,300	33,344	5,044
Miscellaneous	9,495	46,601	37,106
Revenue in Lieu of Taxes	1,000	4,768	3,768
State Unrestricted Grants-in-Aid	4,972,488	4,994,910	22,422
State Restricted Grants-in-Aid	145,324	599,182	453,858
Revenue for/on Behalf of District	8,000	0	(8,000)
Federal Unrestricted Grants-in-Aid	2,000	0	(2,000)
Federal Restricted Grants-in-Aid	415,290	477,790	62,500
<b>Total Revenue</b>	<b>9,896,047</b>	<b>10,420,183</b>	<b>524,136</b>
Expenditures:			
Regular Instruction	4,855,113	4,790,831	64,282
Special Instruction	837,178	809,219	27,959
Vocational Instruction	16,350	16,259	91
Support Services-Pupils	244,603	241,185	3,418
Support Services-Instructional Staff	690,327	671,550	18,777
Support Services-Board of Education	126,654	126,654	0
Support Services-Administration	1,053,092	1,042,800	10,292
Fiscal Services	379,364	250,232	129,132
Support Services-Business	77,019	77,019	0
Operation & Maintenance-Plant	821,022	814,002	7,020
Support Services-Transportation	829,905	817,105	12,800
Support Services-Central	77,550	71,532	6,018
Community Services	23,896	23,893	3
Academic & Subject Oriented	64,569	57,978	6,591
Occupation Oriented Act.	921	813	108
Sports Oriented	214,820	206,793	8,027
Co-Curricular Activities	14,897	14,897	0
Architecture & Engineering	6,567,500	187,354	6,380,146
Building Improvement	153,821	144,084	9,737
Repayment of Debt	6,625,482	6,625,482	0
<b>Total Expenditures</b>	<b>23,674,083</b>	<b>16,989,682</b>	<b>6,684,401</b>
Excess of Revenue Over (Under) Expenditures	(13,778,036)	(6,569,499)	7,208,537
Other Financing Sources (Uses):			
Sale & Loss of Assets	0	512	512
Proceeds from Sale of Notes	13,012,732	13,012,732	0
Transfer-In	139,604	185,074	45,470
Advances-In	0	51,112	51,112
Refund of Prior Year Expenditures	0	19,326	19,326
Transfer-Out	(338,367)	(145,074)	193,293
Advances-Out	(108,912)	(108,912)	0
Refund of Prior Year Receipts	(37,121)	(37,121)	0
Other Uses	(42,870)	(2,020)	40,850
<b>Total Other Sources (Uses)</b>	<b>12,625,066</b>	<b>12,975,629</b>	<b>350,563</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,152,970)	6,406,130	7,559,100
Beginning Fund (Deficit) Balance	973,835	973,835	--
Prior Year Carry Over Encumbrances	167,208	167,208	--
Ending Fund (Deficit) Balance	(11,927)	7,547,173	\$ 7,559,100

See Accompanying Notes to the General Purpose Financial Statements

**WESTFALL LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS  
 ALL PROPRIETARY FUND TYPES  
 YEAR ENDED JUNE 30, 2000**

	<b>Enterprise Funds</b>	<b>Internal Service Fund</b>	<b>Totals (Memorandum) (Only)</b>
<b>Operating Revenues:</b>			
Food Service	\$ 275,881	0	\$ 275,881
Charges for Services	<u>0</u>	<u>788,335</u>	<u>788,335</u>
Total Operating Revenue	275,881	788,335	1,064,216
<b>Operating Expenses:</b>			
Personal Services - Salary	177,921	0	177,921
Employee Benefits	70,500	0	70,500
Purchased Services	11,966	0	11,966
Supplies and Materials	206,065	0	206,065
Insurance Claims and Administrative Fees	0	726,439	726,439
Depreciation	<u>1,202</u>	<u>0</u>	<u>1,202</u>
Total Operating Expenses	<u>467,654</u>	<u>726,439</u>	<u>1,194,093</u>
Operating Income (Loss)	(191,773)	61,896	(129,877)
<b>Non-Operating Revenues:</b>			
Earnings on Investment	0	119	119
State Restricted Grants-In-Aid	7,800	0	7,800
Federal Unrestricted Grants-In-Aid	88,867	0	88,867
Federal Restricted Grants-In-Aid	<u>48,036</u>	<u>0</u>	<u>48,036</u>
Total Non-Operating Revenue	144,703	119	144,822
Net Income/(Loss)	(47,070)	62,015	14,945
Beginning Retained Earnings	<u>93,794</u>	<u>111,382</u>	<u>205,176</u>
Retained Earnings at End of Year	<u>\$ 46,724</u>	<u>173,397</u>	<u>\$ 220,121</u>

See Accompanying Notes to the General Purpose Financial Statements

**WESTFALL LOCAL SCHOOL DISTRICT  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
YEAR ENDED JUNE 30, 2000**

	<b>Enterprise Funds</b>	<b>Internal Service Fund</b>	<b>Totals (Memorandum Only)</b>
Cash Flows from Operating Activities			
Operating Income ( Loss)	\$ (191,772)	61,896	\$ (129,876)
Adjustment to Reconcile Operating Loss			
To Net Cash Provided by (Used in) Operating Activities:			
Depreciation	1,202	0	1,202
Net (Increases) Decreases in Assets:			
Due from Other Governments	(10,393)	(47,519)	(57,912)
Accounts Receivable	0	51,389	51,389
Inventory	388	0	388
Prepaid Expenses	0	0	0
Net Increases (Decreases) in Liabilities:			
Due to Other Funds	(5,291)	0	(5,291)
Intergovernmental Receivables	4,218	0	4,218
Accounts Payable	0	(66,582)	(66,582)
Accrued Wages & Benefits	(2,148)	0	(2,148)
Deferred Revenue	(89)	0	(89)
Compensated Absences	4,524	0	4,524
Claims Payable	0	3,380	3,380
Net Adjustments	(7,589)	(59,332)	(66,921)
Net Cash Provided by (Used in) Operating Activities	(199,361)	2,564	(196,797)
Cash Flows from Noncapital Financing Activities:			
Advances from Other Funds	57,000	119	57,119
Operating Grants from State Sources	7,800	0	7,800
Operating Grants from Federal Sources	88,867	0	88,867
Federal Commodities	48,036	0	48,036
Net Cash Provided by Noncapital Financing Sources	201,703	119	201,822
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(6,268)	0	(6,268)
Net Cash Used in Capital Financing Sources	(6,268)	0	(6,268)
Net Increase/Decrease in Cash & Cash Equivalents	(3,926)	2,683	(1,243)
Cash and Cash Equivalents at Beginning of Year	4,917	65,975	70,892
Cash and Cash Equivalents at End of Year	<u>\$ 991</u>	<u>68,658</u>	<u>\$ 69,649</u>

See Accompanying Notes to General Purpose Financial Statements

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Westfall Local School District, Pickaway County, Ohio, (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 school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the district.

Average daily membership (ADM) as of October 1, 1999, was 1,811. The District employed 114 certified employees and 64 non-certificated employees.

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 acquisition 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 District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an 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.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

Management believes the financial statements included in this report represent all of the funds of the District over which the Board of Education 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.

**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 funds and trust funds).



**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

**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 District's 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. Fiduciary fund types are:

**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. The District did not have any expendable trust funds at June 30, 2000.

**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. The District did not have any nonexpendable trust funds at June 30, 2000.

**Agency Funds**

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

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

**Account Groups:**

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds (i.e., governmental funds only) because they do not affect expendable available financial resources. The following are the District's 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 Obligations 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 accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The District has elected, under GASB No. 20, to apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for all Governmental Fund Types, Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements, and accounts (student fees and rent).

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus/Basis of Accounting (Continued)**

The District reports deferred revenues of governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable.

**D. Budget and Budgetary Accounting**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated, the primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Pickaway County Budget Commission for rate determination.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budget and Budgetary Accounting (Continued)**

**Estimated Resources**

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

**Appropriations**

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations with functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

**Encumbrances**

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

**Lapsing of Appropriations**

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

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. 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 Investments." During the fiscal year all investments were limited to STAR Ohio, certificate of deposits, and repurchase agreements.

Investments are reported at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999-00. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund.

For the District, all investment earnings accrue to the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Internal Service Funds as authorized by board resolution. Interest income earned in fiscal year 2000 totaled \$97,679 for the General Fund, \$836 for the Special Revenue Fund, \$7,245 for the Debt Service Fund, \$146,616 for the Capital Projects Funds, and \$119 for the Internal Service Funds.

**F. 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. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, 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.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. 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.

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 buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets, eight to twenty years.

**I. 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. 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
- School Bus Funding Program

**Special Revenue Funds**

- Education Management Information Systems

**Non-Reimbursable Grants**

- Local Professional Development
- Eisenhower Grant-Title II
- Title VI-B
- School Net Plus
- Educationally Deprived Children-Local Educational Agencies-Title I
- Data Communications
- Technology Equity
- Ohio Reads
- Classroom Facilities
- Safe School Help line
- Drug Free Schools

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Intergovernmental Revenues (Continued)**

**Entitlements (Continued)**

**Non-Reimbursable Grants (Continued)**

- Disadvantaged Pupils Program
- Pre School Grant
- Title VI-R
- Venture Capital Grant
- Goals 2000 Grant
- Federal, State, and Local Partnerships for Educational Improvement -Title VI of ESEA
- Miscellaneous State and Grants

**Reimbursable Grants**

**General Fund**

- Driver Education Reimbursement
- School Bus Reimbursement

**Proprietary Funds**

- National School Lunch Program
- Government Donated Commodities
- National School Breakfast Program

Grants and entitlements amounted to approximately 54% of the District's operating revenue during the 2000 fiscal year.

**J. 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 other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2000, the District had \$108,912 in interfund receivables/payables and \$144,719 in due from/to other funds.

**K. 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. The District had no long-term interfund loans at June 30, 2000.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 16.

Sick leave and other compensated absences with similar characteristics should be 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 should be reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future should be based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. This method is known as the vesting method.

Vacation leave and other compensated absences with similar characteristics should be 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; and 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 time when earned. The current portion of 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 expenses when earned. The entire amount of compensated absences is expensed when earned. The entire amount of compensated absences is reported as a fund liability.

**M. 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 contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed 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, 2000, the District had no contributed capital.

**N. 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.



**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. 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.

**P. Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances and inventory.

**Q. Statement of Cash Flows**

In September 1989, the Governmental Accounting Standards Board issued statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." For purposes of GASB No. 9, "Cash and Cash Equivalents" refers to cash only. The District has presented a statement of cash flows for its enterprise funds.

**R. Memorandum Only - Total Columns**

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

**S. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) 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.

**2. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP)

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Basis) and Actual, All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Proceeds from a principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

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

<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types</b>				
	General Fund	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$ (92,522)	(87,682)	194,189	\$ 6,861,199
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue Accruals	(327,140)	6	(91,860)	(10,561)
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	77,136	(37,389)	1	(16,464)
Due to Other Sources/Uses	(113,895)	51,112	0	0
Budget Basis	\$ (456,421)	(73,953)	102,330	\$ 6,834,174

**3. LEGAL COMPLIANCE-BUDGETS**

Pursuant to Section 117.11(A) of the Revised Code, the Auditor of State performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The auditor's recommendations and citations are included in a separate report.

The District did not comply with Ohio Rev. Code Section 5705.40.

**4. 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.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**4. CASH AND INVESTMENTS (Continued)**

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**4. CASH AND INVESTMENTS (Continued)**

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

**Cash on Hand:** At year end, the District had \$2,481 in change cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents."

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

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was \$614,306 and the bank balance was \$644,512. Of the balance, \$100,000 was covered by Federal Depository Insurance; and \$544,512 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. 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. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
STAR Ohio	0	0	0	7,214,914	7,214,914
Total Investments				<u>\$ 7,214,914</u>	<u>\$ 7,214,914</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, entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

**Cash and Cash Equivalents with Fiscal Agents:** Cash and Cash Equivalents with Fiscal Agents of \$24,781 in the internal service fund type represent monies held by the Ross County School Employees Insurance Consortium (the Consortium) as of June 30, 2000. The Consortium prepares an annual financial report following a basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. The report may be obtained by writing to the Ross County School Employees Insurance Consortium, 1432 Egypt Pike, Chillicothe, Ohio 45601.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**4. CASH AND INVESTMENTS (Continued)**

A reconciliation between the classifications of cash 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	\$ 7,856,482	\$ 0
Investments:		
STAR Ohio	(7,214,914)	7,214,914
Total	641,568	7,214,914
Cash with Fiscal Agent	(24,781)	
Cash on hand	\$ (2,481)	
GASB Statement No. 3	\$ 614,306	\$ 7,214,914

**5. 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 assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. If paid annually, payment is due in February. If paid semi-annually, the first payment is due in February, with the remainder payable in July.

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 percent of its true value. Amounts paid by multi-county taxpayers are payable annually or semi-annually with the first payment due April 30 and the remainder payable by October.

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 percent of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Pickaway County Treasurer collects property tax on behalf of the District. The Pickaway 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 December for personal property taxes.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**5. PROPERTY TAX (Continued)**

The full tax rate at the fiscal year ending June 30, 2000, for operations was \$35.20 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 2000 taxes were collected were as follows:

Real Property	\$	106,546,200
Public Utility Personal Property		35,456,634
Tangible Personal Property		5,103,570
Total Assessed Value	\$	147,106,404

**6. RECEIVABLES**

Receivables at June 30, 2000, consisted of taxes, accounts (student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

**General Fund**

Driver Education	\$	1,950
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**Special Revenue Fund**

Federal Grant Reimbursement	\$	53,130
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**Enterprise Fund**

Food Service Reimbursement	\$	27,473
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Grand Total	\$	82,553
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**7. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

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 District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$198,852, \$185,760, \$192,264, respectively; 47 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$111,426 representing the unpaid contribution for fiscal year 2000, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 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, 2000, 1999, and 1998 were \$694,824, \$595,416 and \$613,848, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$115,802 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**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, 2000, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**8. 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 classified 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 obligations 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.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS 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 law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$397,042 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$101,483 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

**9. COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from board policy, board minutes, negotiated agreements and State laws. Only the superintendent, high school principal, and twelve-month classified employees earn ten to twenty days of vacation per year, depending upon length of service. School support personnel accumulate vacation based on the following factors:

Length of Service	Vacation Leave
After 1 Year	10 Days
10 or more Years	15 Days
20 or more Years	20 Days

The following table represents the limit placed on employee vacation time:

Vacation Leave Entitlement	Limit of Accrued Vacation
10 Days	60 Days
15 Days	60 Days
20 Days	60 Days

Vacation Pay: Upon separation from employment a full-time employee shall be entitled to compensation at his/her current rate of pay for all lawfully accrued and unused vacation leave to his/her credit at the time of separation.

Per contract and board policy the Superintendent and Treasurer earn 20 and 15 days of vacation per year, respectively, and have an accrual limit of 60 and 45 days.



**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**9. COMPENSATED ABSENCES (Continued)**

**Sick Leave:** Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days.

**Service Retirement:** Upon retirement, employees shall receive in one lump sum, a severance payment. This severance payment is based upon the following schedule utilizing the employees accumulated sick leave, up to a maximum of one hundred eighty (180) days:

Experience in District	Multiplier
0 - 5 Years	0.1
6 - 9 Years	0.2
10 or More Years	0.28

(Multiplier X Accumulated Sick Leave) X Individual Per Diem = Severance Pay.

**10. INTERFUND TRANSACTIONS**

At June 30, 2000, the District had short-term interfund receivables and payables resulting from goods provided or services rendered which are classified as "due from/to other funds." An analysis of interfund balances is as follows:

**Due From/to Other Funds:**

	Due From	Due To
General Fund	\$ 0	\$ 144,711
Enterprise Funds	0	8
Agency Funds	144,719	0
Total	<u>\$ 144,719</u>	<u>\$ 144,719</u>

**Interfund Receivables/Payables:**

	Receivables	Payables
General Fund	\$ 108,912	\$ 0
Special Revenue Funds	0	51,112
Enterprise Funds	0	57,000
Agency Funds	0	800
Total	<u>\$ 108,912</u>	<u>\$ 108,912</u>

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**11. 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, 2000.

**12. GENERAL LONG-TERM DEBT**

A summary of changes in long-term obligations for the year ended June 30, 2000, are as follows:

	Balance				Balance
	July 1, 1999	Additions	Deletions		June 30, 2000
Intergovernmental Payables	\$ 76,019	78,284	76,019	\$	78,284
Bonds Payable	0	6,505,731	0		6,505,731
Compensated Absences Payable	685,662	136,649	0		822,311
<b>Total General Long-Term Debt</b>	<u>\$ 761,681</u>	<u>6,720,664</u>	<u>76,019</u>	<u>\$</u>	<u>7,406,326</u>

Additions and deletions of compensated absences are shown net since it is impracticable for the District to determine these amounts separately.

**General Obligation Bonds:** The \$6,505,731 of outstanding general obligation bonds relate to a project starting in 2000 for which bonds were issued for the purpose of constructing and equipping a elementary school and improving the site thereof at an interest rate of 5.88% . .

The annual maturities of the general obligation bonds as of June 30, 2000, and related interest payments are as follows:

	Principal	Interest	Payment
FY2001	\$ 100,000	180,708	\$ 280,708
FY2002	130,000	354,820	484,820
FY2003	135,000	348,580	483,580
FY2004	190,000	341,830	531,830
FY2005 and thereafter	5,950,731	4,444,397	10,395,128
	<u>\$ 6,505,731</u>	<u>5,670,335</u>	<u>\$ 12,176,066</u>

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**13. FIXED ASSETS**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2000:

Furniture and Equipment	\$ 246,236
Less Accumulated Depreciation	<u>(135,261)</u>
Net Fixed Assets	<u><u>\$ 110,975</u></u>

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

Equipment	8-20 years
Furniture	20 years
Vehicles	10 years

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land and Improvements	\$ 125,500	0	0	\$ 125,500
Buildings	3,244,821	0	0	3,244,821
Improvements Other than Buildings	52,643	0	0	52,643
Furniture and Equipment	3,087,301	125,508	46,976	3,165,833
Vehicles	1,290,060	115,900	0	1,405,960
Total General Fixed Assets	<u><u>\$ 7,800,325</u></u>	<u><u>241,408</u></u>	<u><u>46,976</u></u>	<u><u>\$ 7,994,757</u></u>

There was no significant construction in progress at June 30, 2000.

**14. 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.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**14. RISK MANAGEMENT (Continued)**

**A. General Risk (Continued)**

General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate. In addition, the District maintains a \$2,000,000 umbrella liability policy, a \$50,000 worker's compensation defense cost liability policy, and a \$500,000 employee benefits liability policy. The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$22,857,207. Other property insurance includes \$143,900 for musical instruments, related equipment and accessories, \$1,358 for camera, film and related equipment and accessories, and \$366,551 for data processing equipment and related media.

The District participates in the Workers' Compensation Program provided by the State of Ohio. The District participates in a Workers' Compensation pool through the Ohio School Board Association for rating program. A savings of \$26,856 was realized on the annual premium cost in 2000.

**B. Health Self Insurance**

In July, 1994, the District joined the Ross County School Employees Insurance Consortium (RCSEIC) to self insure its medical claims. RCSEIC currently includes 14 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 \$65,000 and aggregate claims in excess of \$280.50 per month, per employee consortium wide.

The District established a self insurance fund for the purpose of tracking the fund's balance with the fiscal agent. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). 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. The basis for estimating the liability for unpaid claims is based on documentation obtained by the insurance carrier. A summary of changes in self-insurance claims for the year ended June 30, 2000, follows:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
FY 1998	\$ 36,559	623,770	(589,819)	<u>\$ 70,510</u>
FY 1999	\$ 70,510	588,506	(570,592)	<u>\$ 88,424</u>
FY 2000	\$ 88,424	788,303	(732,500)	<u>\$ 144,227</u>

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**14. RISK MANAGEMENT (Continued)**

**B. Health Self Insurance (Continued)**

Monies are provided from each fund based on a per-employee charge and are recorded as charges for services in the self-insurance fund and as an expenditure in the disbursing fund. The following is a summary of payments made to the self-insurance fund by fund type:

General Fund	\$	644,045
Enterprise Funds		<u>39,061</u>
Total Contributed by Funds		683,106
Employee Contributions		56,048
Stop-Loss Insurance Coverage		0
Interest & Fiscal Agent Income		<u>119</u>
Total Contributions	\$	<u><u>739,272</u></u>

**15. JOINTLY GOVERNED ORGANIZATIONS**

**Metropolitan Educational Council (MEC)** - 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. The governing board 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 its own fiscal agent.

The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provided computer services to the District, during 2000, the District paid \$41,283 to MEC.:

**16. SCHOOL FUNDING DECISION/SUBSEQUENT EVENT**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$4,630,776 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the District had received a total of \$411,768 under this program.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**16. SCHOOL FUNDING DECISION/SUBSEQUENT EVENT (Continued)**

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**17. STATUTORY RESERVES**

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

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1999	\$ 0	0	119,087	\$ 119,087
Current Year Set-Aside Requirement	222,513	222,513	74,171	519,197
Current Year Offsets	0	0	0	0
Qualifying Disbursements	(373,648)	(237,977)	0	(611,625)
<b>Total</b>	<u>(151,135)</u>	<u>(15,464)</u>	<u>193,258</u>	<u>26,659</u>
Cash Balance Carried Forward to FY2001	<u>\$ 0</u>	<u>0</u>	<u>\$ 193,258</u>	
Amount Restricted for Budget Stabilization				<u>\$ 193,258</u>
<b>Total Restricted Assets</b>				<u><u>\$ 193,258</u></u>

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero, these amounts may used to reduce the set-aside requirement of future years.

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**18. FUND DEFICITS**

The following funds had deficit balances at June 30, 2000:

Teen Pregnancy Prevention	\$ (3,746)
DPIA Fund	\$ (8,173)
Title I	\$ (53,199)

The deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficits and will take the necessary steps to alleviate the deficit. The deficits results from revenue being insufficient to cover expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in the fund and provides operating transfers when cash is required, not when accruals occur.

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WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Number	Federal C.F.D.A. Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster</i>						
Food Distribution		10.550	\$0	\$21,985		\$21,815
National School Breakfast Program	05-PU 00	10.553	\$12,076	0	12,076	0
National School Lunch Program	03-PU-99/00 04-PU-00	10.555	<u>92,470</u>	<u>0</u>	<u>92,470</u>	<u>0</u>
Total U.S. Department of Agriculture- Child Nutrition Cluster			104,546	21,985	104,546	21,815
<b>U.S. Department of Education</b>						
<i>Pass through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1 00	84.010	113,287	0	144,821	0
Safe and Drug Free Schools and Communities Grant	DR-S1 99/00	84.186	8,562	0	5,954	0
Goals 2000	G2-S2-99	84.276	40,000	0	40,637	0
Eisenhower Grant	MS-S1- 00	84.281	9,210	0	10,901	0
Innovative Educational Program Strategies	C2-S1 98/99/00	84.298	14,893	0	7,879	0
Comprehensive School Reform Demonstration Grant	RF-S1-99/00	84.332	137,500	0	129,381	0
Class Size Reduction Subsidy	CR-S1-00	84.34	35,059	0	35,059	0
Reading Excellence Act Grant	RN-S2-00	84.338	53,130	0	0	0
<i>Special Education Cluster</i>						
Special Education-Preschool Grant	PG-S1-00	84.173	6,962	0	6,591	0
Special Education-Grants to State	6B-SF 99/00	84.027	<u>112,318</u>	<u>0</u>	<u>101,773</u>	<u>0</u>
Total Special Education Cluster			119,280	0	108,364	0
Total U.S. Department of Education			530,921	0	482,996	0
<b>Total Federal Awards</b>			<u>\$635,467</u>	<u>\$21,985</u>	<u>\$587,542</u>	<u>\$21,815</u>

*The accompanying notes to this schedule are an integral part of this schedule*

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**NOTES TO THE FEDERAL SCHEDULE OF AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B--FOOD DISTRIBUTION**

Non-monetary assistance, such as commodities received from the U.S. Department of Agriculture, is reported in the Schedule at the assessed value provided by the federal agency.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Westfall Local School District  
Pickaway County  
19643 Pherson Pike  
Williamsport, Ohio 43164

To the Board of Education

We have audited the general-purpose financial statements of Westfall Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 8, 2000. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-10665-001. We also noted other instances of noncompliance that have been reported to management of the District in a separate letter dated December 8, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 8, 2000.

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

**JIM PETRO**  
Auditor of State

December 8, 2000



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Westfall Local School District  
Pickaway County  
19643 Pherson Pike  
Williamsport, Ohio 43164

To the Board of Education:

**Compliance**

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

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

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

**Internal Control Over Compliance**

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

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

**JIM PETRO**  
Auditor of State

December 8, 2000

**WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<b>Nutrition Cluster:</b> CFDA 10.550 - Food Distribution CFDA 10.553 - School Breakfast Program CFDA 10.555 - National School Lunch  CFDA 84.010 - Title One
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

WESTFALL LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)

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

<b>Finding Number</b>	<b>2000-10665-001</b>
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**Budget Amendments and Supplemental Appropriations**

Ohio Rev. Code Section 5705.40 states any appropriation measure may be amended or supplemented as long as the entity complies with the same provision of law as are used in making the original appropriation.

The District's original appropriation was enacted with the prior approval of the Board of Education and the County Budget Commission, as required under Ohio Rev. Code Section 5705.38. The District had several amendments and supplements to the original appropriation measure enacted. But, these amendments and supplements were not approved by the Board of Education or the County Budget Commission.

We recommend the District comply with Ohio Rev. Code Section 5705.40

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**WESTFALL LOCAL SCHOOL DISTRICT**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 27, 2001**