

BIG WALNUT LOCAL SCHOOL DISTRICT

DELAWARE COUNTY

SINGLE AUDIT

June 30, 2001



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

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Board of Education
Big Walnut Local School District
70 Walnut St., P.O. Box 218
Galena, OH 43021

We have reviewed the independent auditor's report of the Big Walnut Local School District, Delaware County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

February 4, 2002

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**Big Walnut Local School District
Delaware County**

June 30, 2001

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS	5
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – ALL GOVERNMENTAL FUND TYPES	6
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS	8
COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS	9
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS	10
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	36
NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES	37
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS	38
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	40
SCHEDULE OF FINDINGS	42

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Board of Education
Big Walnut Local School District
70 Walnut Street
P.O. Box 218
Galena, Ohio 43021

Independent Auditor's Report

We have audited the accompanying general-purpose financial statements of Big Walnut Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, 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 7, 2001 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street
Newark, Ohio 43055
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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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 7, 2001

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**BIG WALNUT LOCAL SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 AS OF JUNE 30, 2001**

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in pooled cash and investments	\$ 3,149,948	\$ 219,179	\$ 165,442	\$ 15,297
Receivables				
Taxes - current	9,361,785	-	1,167,302	-
Taxes - delinquent	356,338	-	46,294	-
Accounts	3,309	951	-	-
Accrued interest	104	-	-	106
Intergovernmental - Federal	-	4,751	-	-
Restricted Assets				
Cash and Cash Equivalents	312,510	-	-	-
Interfund loan receivable	67,117	-	-	-
Prepayments	8,273	-	-	-
Due from other funds	31,000	-	-	-
Materials and supplies inventory	-	-	-	-
Property, plant and equipment (net of accumulated depreciation, where applicable)	-	-	-	-
Other debits:				
Amount available in Debt Service Fund	-	-	-	-
Amount to be provided for retirement of General Long-term Obligations	-	-	-	-
Total assets and other debits	\$ 13,290,384	\$ 224,881	\$ 1,379,038	\$ 15,403
LIABILITIES, EQUITY AND OTHER CREDITS:				
Liabilities:				
Accounts payable	\$ 370,599	\$ 8,672	\$ -	\$ -
Accrued wages and benefits	1,518,847	26,019	-	-
Compensated absences payable	6,907	-	-	-
Interfund loans payable	-	21,800	45,317	-
Due to students	-	-	-	-
Due to other governments	2,338	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Deferred revenue - taxes	6,970,441	-	998,993	-
Matured bonds payable	-	-	9,922	-
General obligation notes payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Total liabilities	8,869,132	56,491	1,054,232	-
Equity and other credits:				
Investment in general fixed assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund Balances:				
Reserved for encumbrances	661,865	19,723	-	-
Reserved for future appropriations	1,585,662	-	214,603	-
Reserved for advances	67,117	-	-	-
Reserved - other	312,510	-	-	-
Unreserved:				
Undesignated	1,794,098	148,667	110,203	15,403
Total equity and other credits	4,421,252	168,390	324,806	15,403
Total liabilities, equity and other credits	\$ 13,290,384	\$ 224,881	\$ 1,379,038	\$ 15,403

The notes to the general-purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 115,597	\$ 1,065	\$ 105,209	\$ -	\$ -	\$ 3,771,737
-	-	-	-	-	10,529,087
-	-	-	-	-	402,632
-	-	146	-	-	4,406
-	-	-	-	-	210
10,501	-	-	-	-	15,252
-	-	-	-	-	312,510
-	-	-	-	-	67,117
-	-	-	-	-	8,273
-	-	-	-	-	31,000
13,952	-	-	-	-	13,952
-	-	-	22,744,049	-	22,744,049
-	-	-	-	341,048	341,048
-	-	-	-	12,043,142	12,043,142
<u>\$ 140,050</u>	<u>\$ 1,065</u>	<u>\$ 105,355</u>	<u>\$ 22,744,049</u>	<u>\$ 12,384,190</u>	<u>\$ 50,284,415</u>
\$ 64	\$ -	\$ 1,744	\$ -	\$ -	\$ 381,079
27,979	-	-	-	-	1,572,845
23,808	-	-	-	1,385,478	1,416,193
-	-	-	-	-	67,117
-	-	103,593	-	-	103,593
-	-	-	-	-	2,338
31,000	-	-	-	-	31,000
13,567	-	-	-	-	13,567
-	-	-	-	-	7,969,434
-	-	-	-	-	9,922
-	-	-	-	425,000	425,000
-	-	-	-	10,573,712	10,573,712
<u>96,418</u>	<u>-</u>	<u>105,337</u>	<u>-</u>	<u>12,384,190</u>	<u>22,565,800</u>
-	-	-	22,744,049	-	22,744,049
188,380	-	-	-	-	188,380
(144,748)	1,065	-	-	-	(143,683)
-	-	-	-	-	681,588
-	-	-	-	-	1,800,265
-	-	-	-	-	67,117
-	-	-	-	-	312,510
-	-	18	-	-	2,068,389
<u>43,632</u>	<u>1,065</u>	<u>18</u>	<u>22,744,049</u>	<u>-</u>	<u>27,718,615</u>
<u>\$ 140,050</u>	<u>\$ 1,065</u>	<u>\$ 105,355</u>	<u>\$ 22,744,049</u>	<u>\$ 12,384,190</u>	<u>\$ 50,284,415</u>

**BIG WALNUT LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR YEAR ENDING JUNE 30, 2001**

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	Totals (Memorandum Only)
	General Fund	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$ 11,306,519	\$ -	\$ 1,528,862	\$ -	\$ -	\$ 12,835,381
Tuition	54,832	-	-	-	-	54,832
Earnings on investments	345,832	4,118	-	1,581	-	351,531
Other local revenues	83,366	211,827	-	-	-	295,193
Extracurricular revenue	28,055	-	-	-	-	28,055
Intergovernmental - State	5,708,284	79,009	177,740	78,709	-	6,043,742
Intergovernmental - Federal	-	339,149	-	-	-	339,149
Total revenues	17,526,888	634,103	1,706,602	80,290	-	19,947,883
Expenditures:						
Instruction:						
Regular	8,133,737	108,431	-	147,499	-	8,389,667
Special	1,408,191	152,952	-	-	-	1,561,143
Vocational	273,466	-	-	-	-	273,466
Other	177,709	-	-	-	-	177,709
Support services:						
Pupil	480,642	146,609	-	-	-	627,251
Instructional staff	357,764	2,492	-	-	-	360,256
General administration	88,496	-	-	-	-	88,496
School administration	1,436,446	30,905	-	-	-	1,467,351
Fiscal	432,877	-	-	-	-	432,877
Business	159,380	-	-	-	-	159,380
Operations and maintenance	1,583,053	2,637	-	-	-	1,585,690
Pupil transportation	1,401,769	-	-	-	-	1,401,769
Central	4,705	-	-	-	-	4,705
Extracurricular activities:	269,872	173,814	-	-	-	443,686
Capital outlay:	843,275	-	-	16,741	-	860,016
Debt service:						
Principal retirement	-	-	1,060,000	-	-	1,060,000
Interest and fiscal charges	-	-	624,199	-	-	624,199
Total expenditures	17,051,382	617,840	1,684,199	164,240	-	19,517,661
Excess (deficiency) of revenues over (under) expenditures	475,506	16,263	22,403	(83,950)	-	430,222
Other financing sources (uses):						
Operating transfers in	559	61,226	122,560	-	-	184,345
Operating transfers (out)	(138,928)	(44,857)	-	-	-	(183,785)
Proceeds of sale of fixed assets	2,636	-	-	-	-	2,636
Refund of prior year expenditures	3,846	-	-	-	-	3,846
Total other financing sources (uses)	(131,887)	16,369	122,560	-	-	7,042
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	343,619	32,632	144,963	(83,950)	-	437,264
Fund balance at beginning of year	4,077,633	135,758	179,843	99,353	18	4,492,605
Fund balance at end of year	\$ 4,421,252	\$ 168,390	\$ 324,806	\$ 15,403	\$ 18	\$ 4,929,869

The notes to the general-purpose financial statements are an integral part of this statement.

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**BIG WALNUT LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR YEAR ENDING JUNE 30, 2001**

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 10,546,884	\$ 10,546,884	\$ -	\$ -	\$ -	\$ -
Tuition	55,968	55,968	-	-	-	-
Earnings on investments	336,166	336,166	-	4,118	4,118	-
Other local revenues	83,803	83,803	-	48,245	48,245	-
Extracurricular revenue	28,055	28,055	-	164,009	164,009	-
Intergovernmental - State	5,713,184	5,713,184	-	81,589	81,589	-
Intergovernmental - Federal	-	-	-	435,641	435,641	-
Total revenues	16,764,060	16,764,060	-	733,602	733,602	-
Expenditures:						
Instruction:						
Regular	7,974,139	7,974,139	-	130,695	109,540	21,155
Special	1,604,088	1,600,353	3,735	221,307	148,946	72,361
Vocational	267,915	267,915	-	-	-	-
Other	175,277	175,277	-	-	-	-
Support services:						
Pupil	462,806	462,805	1	176,138	153,314	22,824
Instructional staff	368,767	368,767	-	13,173	2,824	10,349
General administration	96,340	96,340	-	-	-	-
School administration	1,422,919	1,422,919	-	35,858	35,808	50
Fiscal	430,582	430,582	-	-	-	-
Business	167,100	167,100	-	-	-	-
Operations and maintenance	1,628,251	1,628,251	-	2,751	2,637	114
Pupil transportation	1,681,919	1,570,513	111,406	-	-	-
Extracurricular activities:	257,356	257,356	-	158,934	184,410	(25,476)
Capital outlay:	1,012,275	987,875	24,400	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	17,549,734	17,410,192	139,542	738,856	637,479	101,377
Excess (deficiency) of revenues over (under) expenditures	(785,674)	(646,132)	139,542	(5,254)	96,123	101,377
Other financing sources (uses):						
Operating transfers in	559	559	-	61,226	61,226	-
Operating transfers (out)	(138,928)	(138,928)	-	(44,857)	(44,857)	-
Advances in	87,540	87,540	-	15,082	15,082	-
Advances (out)	(15,082)	(15,082)	-	(87,540)	(87,541)	(1)
Proceeds of sale of fixed assets	2,636	2,636	-	-	-	-
Refund of prior years expenditures	753	753	-	-	-	-
Total other financing sources (uses)	(62,522)	(62,522)	-	(56,089)	(56,090)	(1)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(848,196)	(708,654)	139,542	(61,343)	40,033	101,376
Fund balance at beginning of year	3,502,236	3,502,236	-	154,885	154,885	-
Fund balance at end of year	\$ 2,654,040	\$ 2,793,582	\$ 139,542	\$ 93,542	\$ 194,918	\$ 101,376

The notes to the general-purpose financial statements are an integral part of this statement.

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ 1,539,419	\$ 1,539,419	\$ -	\$ -	\$ -	\$ -	\$ 12,086,303	\$ 12,086,303	\$ -
-	-	-	-	-	-	55,968	55,968	-
-	-	-	1,788	1,788	-	342,072	342,072	-
-	-	-	-	-	-	132,048	132,048	-
-	-	-	-	-	-	192,064	192,014	-
177,740	177,740	-	78,709	78,709	-	6,051,222	6,051,222	-
-	-	-	-	-	-	435,641	435,641	-
<u>1,717,159</u>	<u>1,717,159</u>	<u>-</u>	<u>80,497</u>	<u>80,497</u>	<u>-</u>	<u>19,295,318</u>	<u>19,295,318</u>	<u>-</u>
-	-	-	147,497	147,497	-	8,252,331	8,231,176	21,155
-	-	-	-	-	-	1,825,395	1,749,299	76,096
-	-	-	-	-	-	267,915	267,915	-
-	-	-	-	-	-	175,277	175,277	-
-	-	-	-	-	-	638,944	616,119	22,825
-	-	-	-	-	-	381,940	371,591	10,349
-	-	-	-	-	-	96,340	96,340	-
-	-	-	-	-	-	1,458,777	1,458,727	50
-	-	-	-	-	-	430,582	430,582	-
-	-	-	-	-	-	167,100	167,100	-
-	-	-	-	-	-	1,631,002	1,630,888	114
-	-	-	-	-	-	1,681,919	1,570,513	111,406
-	-	-	-	-	-	416,290	441,766	(25,476)
-	-	-	16,741	16,741	-	1,029,016	1,004,616	24,400
1,060,000	1,060,000	-	-	-	-	1,060,000	1,060,000	-
624,199	624,199	-	-	-	-	624,199	624,199	-
<u>1,684,199</u>	<u>1,684,199</u>	<u>-</u>	<u>164,238</u>	<u>164,238</u>	<u>-</u>	<u>20,137,027</u>	<u>19,896,108</u>	<u>240,919</u>
<u>32,960</u>	<u>32,960</u>	<u>-</u>	<u>(83,741)</u>	<u>(83,741)</u>	<u>-</u>	<u>(841,709)</u>	<u>(600,790)</u>	<u>240,919</u>
122,560	122,560	-	-	-	-	184,345	184,345	-
-	-	-	-	-	-	(183,785)	(183,785)	-
-	-	-	-	-	-	102,622	102,622	-
-	-	-	-	-	-	(102,622)	(102,623)	(1)
-	-	-	-	-	-	2,636	2,636	-
-	-	-	-	-	-	753	753	-
<u>122,560</u>	<u>122,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,949</u>	<u>3,948</u>	<u>(1)</u>
155,520	155,520	-	(83,741)	(83,741)	-	(837,760)	(596,842)	240,918
-	-	-	99,040	99,040	-	3,756,161	3,756,161	-
<u>\$ 155,520</u>	<u>\$ 155,520</u>	<u>\$ -</u>	<u>\$ 15,299</u>	<u>\$ 15,299</u>	<u>\$ -</u>	<u>\$ 2,918,401</u>	<u>\$ 3,159,319</u>	<u>\$ 240,918</u>

**BIG WALNUT LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
 FOR YEAR ENDING JUNE 30, 2001**

	PROPRIETARY FUND TYPES		Total (Memorandum only)
	Enterprise	Internal Service	
Operating revenues:			
Tuition and fees	\$ 35,133	\$ -	\$ 35,133
Sales/Charges for services	471,965	-	471,965
Other operating revenues	-	2,681	2,681
Total operating revenues	507,098	2,681	509,779
Operating expenses:			
Personal services	311,007	-	311,007
Contract services	16,102	2,169	18,271
Materials and supplies	220,684	-	220,684
Depreciation	15,790	-	15,790
Other operating expenses	40,543	-	40,543
Total operating expenses	604,126	2,169	606,295
Operating Income (loss)	(97,028)	512	(96,516)
Nonoperating revenues (expenses):			
Federal commodities	14,855	-	14,855
Operating grants	77,755	-	77,755
Total nonoperating revenues (expenses)	92,610	-	92,610
Net income	(4,418)	512	(3,906)
Retained earnings at beginning of year	(140,330)	553	(139,777)
Retained earnings at end of year	\$ (144,748)	\$ 1,065	\$ (143,683)

The notes to the general-purpose financial statements are an integral part of this statement.

**BIG WALNUT LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR YEAR ENDING JUNE 30, 2001**

	PROPRIETARY FUND TYPES		Total
	Enterprise	Internal Service	(Memorandum only)
Cash flows from operating activities:			
Cash received from tuition and fees	\$ 35,322	\$ -	\$ 35,322
Cash received from sales/service charges	475,030	-	475,030
Cash received from other operations	-	2,681	2,681
Cash payments for personal services	(287,631)	-	(287,631)
Cash payments for contract services	(16,038)	(2,169)	(18,207)
Cash payments for supplies and materials	(206,414)	-	(206,414)
Cash payments for other expenses	(1,030)	-	(1,030)
Net cash provided by (used for) operating activities	(761)	512	(249)
Cash flows from noncapital financing activities:			
Cash received from operating grants	76,885	-	76,885
Net cash provided by noncapital financing activities	76,885	-	76,885
Cash flows from capital and related financing activities:			
Acquisition/Disposition of capital assets	39,513	-	39,513
Net cash (used for) capital and related financing activities	(39,513)	-	(39,513)
Net increase in cash and cash equivalents	36,611	512	37,123
Cash and cash equivalents at beginning of year	78,986	553	79,539
Cash and cash equivalents at end of year	\$ 115,597	\$ 1,065	\$ 116,662
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	(97,028)	512	(96,516)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	15,790	-	15,790
Adjustments to capital outlay	39,513	-	39,513
Other adjustments to non-operating income	14,855	-	14,855
Changes in assets and liabilities:			
Supplies inventory	(5,456)	-	(5,456)
Accounts receivable/Due from other governments	189	-	189
Prepayments	20,831	-	20,831
Accounts payable	64	-	64
Accrued wages and benefits	(2,012)	-	(2,012)
Compensated absences payable	4,557	-	4,557
Deferred revenue	7,936	-	7,936
Net cash provided by (used for) operating activities	\$ (761)	\$ 512	\$ (249)

The notes to the general-purpose financial statements are an integral part of this statement.

Big Walnut Local School District
Delaware County, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 1 - Description of the School District and Reporting Entity

Big Walnut Local School District is a body politic and corporate that is established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's seven instructional/support facilities staffed by 96 non-certified and 167 certificated full time teaching personnel who provide services to 2,670 students and other community members.

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Big Walnut Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Townships of Genoa, Berkshire, Porter, Harlem, Kingston, and Trenton Township governments are separate bodies politic and corporate. A board of trustees and clerk are elected independent of any school district relationships and administer the traditional township services. The Trustees act as the taxing and budgeting authority for these services.

Big Walnut Education Foundation The Big Walnut Education Foundation is a non-profit association established in 1994 to operate exclusively for charitable, scientific, educational and literary purposes to promote excellence at Big Walnut Schools. Nine trustees were originally appointed by the Board of Education; however, after initial terms, one appointee of the Board will continue to be a trustee. The Board of Trustees will select the remaining trustees at the annual meeting. The District cannot abolish the organization, nor is it financially accountable for the Foundation.

Villages of Sunbury and Galena The villages of Sunbury and Galena are separate bodies politic and corporate. A mayor and council are elected independent of any school district relationships, and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Delaware Joint Vocational School Big Walnut Local School District is a member of the Delaware Joint Vocational School District which serves fourteen districts. Students may elect to attend classes offered at the vocational school. The Delaware JVS is a legal entity separate from Big Walnut Local Schools. They have a Board of Education that acts as the taxing and budgeting authority for the school.

Big Walnut Education Association and Big Walnut Professional Support Staff These employee associations are affiliated with the Ohio Education Association (OEA) and are organized to represent the employees of the bargaining unit. The local school district is not involved in their operations.

Ohio Association of Public School Employees Local 696 and Ohio Association of Public School Employees Local 524 These employee associations are affiliated with the Ohio Association of Public School Employees (OAPSE) and are organized to represent the employees of the bargaining unit. The local school district is not involved in their operations.

P.T.A., P.T.O., and Athletic/Music Boosters These organizations exist to support various endeavors of the School District through donations of time and other resources. Although the School District benefits directly from the activities, the District neither manages nor directs the operations nor provides financial support to these groups.

The School District is associated with one jointly governed organization, two related organizations and two public entity risk pools. These organizations are discussed in **Note 19** to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Tri-Rivers Education Computer Association
Village of Sunbury Joint Venture Agreement

Related Organization:

Sunbury Community Library

Public Entity Risk Pools:

Ohio School Boards Association Workers' Compensation Group Rating Program

Note 2 - Summary of Significant Accounting Policies

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

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report 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 School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources. A fund also accounts for all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group 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.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

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

Special Revenue Funds Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

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

Enterprise Funds Enterprise funds are used to account for 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

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

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include expendable trust, non-expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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 the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "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. The available period for the School District is sixty days after year-end.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer assessed income tax, interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. 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, 2001, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2002 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund types and non-expendable trust funds utilize the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as miscellaneous income. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal 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.

The budgeting of Advances In and Advances Out is not required since they represent a temporary cash flow resource and the intent is to repay.

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 County Budget Commission for rate determination.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School 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 the School District Treasurer identifies projected increases or decreases in revenue. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Prior to year-end, the School District requested an amended Certificate of Estimated Resources that reflected actual revenue for the fiscal year.

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 expenses of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within 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 that 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, other than agency 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. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary 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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District Treasurer is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

Investments are stated at cost, which approximates market value. Investment earnings are allocated as authorized by State statute based upon School District policy.

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

E. Inventory

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 of proprietary funds consist of donated food, purchased food, and supplies held for resale and are expended when used. The School District does not hold material amounts of inventory in governmental funds.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs 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 fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, 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 became measurable.

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

Entitlements

General Fund

State Foundation Program
School Bus Purchase Reimbursement
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B
Eisenhower Grant
Title I
Title VI
Drug Free School Grant
Preschool
Educational Management Information Systems
Professional Development Block Grant

Capital Projects Funds

School Net
School Net Plus

Reimbursable Grants

General Fund

Driver Education

Capital Projects Funds

Vocational Education Equipment

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Grants and entitlements received in governmental funds amounted to 32.5% percent of governmental fund revenue during the 2001 fiscal year.

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables”. Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees after 5 years of current service with the School District and for certified employees and administrators after 5 years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable 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 obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period.

Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and 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. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

The School District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1991, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

P. Total Columns on General Purpose Financial Statements

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

Note 3 - Accountability and Compliance

A. Fund Deficits

The following funds had deficit fund balance/retained earnings at June 30, 2001:

	Deficit Fund Balance/ <u>Retained Earnings</u>
Special Revenue Funds:	
Title I	\$27,079
Preschool	3,024
Miscellaneous Federal Grants	1,871
Enterprise Funds:	
Food Service	148,254

The deficits in the funds resulted from expenditures made in excess of available revenues. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. There was no cash basis fund deficits, all deficits resulted from the application of accrual principles.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings 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 and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

**Big Walnut Local School District
Delaware County, Ohio**

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued*

4. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$ 343,619	\$ 32,632	\$ 144,963	\$ (83,950)
Revenue Accruals	(762,828)	99,498	10,557	209
Expenditure Accruals	303,056	85	-	-
Other Sources (Uses)	69,364	(72,459)	-	-
Encumbrances	(661,865)	(19,723)	-	-
Budget Basis	\$ (708,654)	\$ 40,033	\$ 155,520	\$ (83,741)

Note 5 - Deposits and Investments

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Through September 26, 1997, interim monies could be invested in the following obligations provided they matured or were redeemable within two years from the date of purchase:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
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 instruments 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 in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

New legislation, effective September 27, 1997, now permits interim monies to 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;

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

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 in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

At fiscal year end, the School District had \$225 in undeposited cash on hand which is included on the balance sheet of the School 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 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$(171,374) and the bank balance was \$(18,501). The entire balance was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School 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 School District's name. The School District's investments in Deferred Compensation and STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**Big Walnut Local School District
Delaware County, Ohio**

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued*

	Category 2	Category 3	Carrying Value	Market Value
Repurchase Agreement	\$ -	\$3,755,000	\$3,755,000	\$3,830,815
Treasury Notes	438,900	-	438,900	438,900
STAR Ohio	-	-	61,496	61,496
Totals	\$ 438,900	\$3,755,000	\$4,255,396	\$4,331,211

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$ 4,084,247	\$ -
Cash on Hand	(225)	-
Investments:		
Repurchase Agreements	(3,755,000)	3,755,000
Treasury Notes	(438,900)	438,900
STAR Ohio	(61,496)	61,496
GASB Statement 3	<u>\$ (171,374)</u>	<u>\$4,255,396</u>

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2001 taxes were collected are:

**Big Walnut Local School District
Delaware County, Ohio**

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued*

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$329,662,770	88.08%	\$329,662,770	88.20%
Public Utility Personal	15,641,860	4.18	15,040,840	4.02
Tangible Personal Property	28,985,213	7.74	29,046,278	7.78
Total Assessed Value	<u>\$374,289,843</u>	<u>100.00%</u>	<u>\$373,749,888</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$27.32		\$25.01	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Delaware County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes that became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$1,800,264 and is recognized as revenue. \$ 1,585,662 was available to the general fund and \$ 214,602 was available to the debt service fund.

Note 7 - Income Tax

The School District levies a voted tax of 3/4 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2000, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**Big Walnut Local School District
Delaware County, Ohio**

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued*

Note 8 - Receivables

Receivables at June 30, 2001, consisted of taxes, accounts (rent and tuition), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Special Revenue Fund:	
Intergovernmental	\$ 4,751
Enterprise Funds:	
Intergovernmental	<u>10,501</u>
Total Intergovernmental Receivables	<u><u>\$15,252</u></u>

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2001, is as follows:

A. Interfund Loans Receivable/Payable

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$67,117	\$ -
Special Revenue Funds:		
Other Local Grants	-	1,253
Miscellaneous State Grant	-	2,886
Title VI-B	-	1,537
Title I	-	9,894
Chip II	-	1,653
Preschool Grant	-	3,024
Miscellaneous Federal Grants	-	<u>1,553</u>
Total Special Revenue Funds	-	21,800
Debt Service Fund:		
General Obligation Bond Retirement	-	<u>45,317</u>
Totals	<u><u>\$67,117</u></u>	<u><u>\$67,117</u></u>

**Big Walnut Local School District
Delaware County, Ohio**

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued*

B. Due to/from Other Funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$31,000	\$ -
Enterprise Fund:		
Food Service Fund	<u>-</u>	<u>31,000</u>
Totals	<u>\$31,000</u>	<u>\$31,000</u>

NOTE 10 – OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 559	\$138,928
Special Revenue Fund:		
Bond Retirement Fund	122,560	-
Student Activity	61,226	44,857
Agency Fund Employee Benefits	<u>-</u>	<u>560</u>
Total All Funds	<u>\$184,345</u>	<u>\$184,345</u>

Note 11 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$ 303,330
Less: accumulated depreciation	<u>(303,330)</u>
Net Fixed Assets	<u>\$ -</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	<u>Balance 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/01</u>
Land and Improvements	\$ 481,734	\$ 87,300	\$ -	\$ 569,034
Buildings	17,267,230	154,950	-	17,422,180
Vehicles	1,503,155	172,589	(55,502)	1,620,242
Furniture and Equipment	2,468,854	689,814	(26,075)	3,132,593
Total General Fixed Assets	<u>\$21,720,973</u>	<u>\$1,104,653</u>	<u>\$(81,577)</u>	<u>\$22,744,049</u>

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Note 12 - Risk Management

1. Property and Liability

The School 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. For fiscal year 2001, the School District contracted with Nationwide Insurance for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy. Nationwide Insurance covers the boiler and machinery with a \$1,000 deductible and a \$39,996,300 limit.

Professional liability is protected by Nationwide Insurance with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and a \$1,000 deductible. Vehicles are covered by Nationwide Insurance and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

2. Workers' Compensation

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

3. Employee Medical Benefits

As of July 1, 2001 the School District has contracted with Medical Mutual Insurance Consortium to provide employee medical/surgical benefits. Rates are set through an annual calculation process. Depending on the plan selected employees may share the cost of the monthly premium with the Board. Dental insurance is provided by the School District to all employees through Delta Dental.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School 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. That report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute 14 percent; for fiscal year 2001, 10.5 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually.

The School District's required contribution for pension obligations to SERS for the fiscal year ended June 30, 2001, 2000, and 1999 were \$261,947, \$246,998, and \$226,208, respectively.

B. State Teachers Retirement System

The School 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. That report may be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 12 percent was the portion used to fund pension obligations. 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 School District's required contribution for pension obligations to STRS for the fiscal year ended June 30, 2001, 2000, and 1999 were \$1,041,466, \$962,403, and \$907,166, respectively.

C. Social Security System

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, 2001, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Note 14- Postemployment Benefits

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

For STRS, all benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the School District, this amount equaled \$137,486 during the 2000 fiscal year. As of July 1, 2000, eligible benefit recipients totaled 99,011. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000.

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 this fiscal year, employer contributions to fund health care benefits were 6.30 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. For the School District, the amount to fund health care benefits, including surcharge, equaled \$111,149 during the 2000 fiscal year. The number of participants currently receiving health care benefits is approximately \$50,000. For the fiscal year ended June 30, 2000, net health care costs paid by SERS were \$140,696,340.

Note 15 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 55 days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the CDMU Health Benefits Program. Administrators receive coverage in the amount of double their salary rounded to the nearest \$1,000. Coverage in the amount of \$30,000 is provided for all certified and noncertified employees.

**Big Walnut Local School District
Delaware County, Ohio**

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued*

Note 16 - Note Debt

The School District's note activity, including amounts outstanding and interest rates follow:

	<u>Balance 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/01</u>
Energy Conservation – 5.30%	\$ <u>520,000</u>	\$ <u> -</u>	\$ <u>(95,000)</u>	\$ <u>425,000</u>

Note 17 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2001, were as follows:

	<u>Principal Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/01</u>
General Obligation Bonds:				
School Building 6.59%	\$ 7,064,903	\$ -	\$(795,000)	\$ 6,269,903
Community Library Refunding 4.85%	1,240,915	-	(45,000)	1,195,915
Refunding Bonds 1991 & 1992	3,232,894	-	(125,000)	3,107,894
Compensated Absences	<u>1,265,590</u>	<u>77,409</u>	<u>-</u>	<u>1,342,999</u>
Total General Long-Term Obligations	<u>\$ 12,804,302</u>	<u>\$77,409</u>	<u>\$(965,000)</u>	<u>\$11,916,711</u>

The general obligation bonds will be paid from the debt service fund.

Compensated absences will be paid from the fund from which the person is paid.

The School District's voted legal debt margin was \$24,045,129 with an unvoted debt margin of \$384,654 at June 30, 2001.

Principal and interest requirements to retire general obligation bonds and notes outstanding at June 30, 2001 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 1,150,000	\$ 545,335	\$ 1,695,335
2003	1,215,000	486,490	1,701,490
2004	655,240	1,165,760	1,821,000
2005	656,456	1,112,804	1,769,260
2006	557,234	1,058,776	1,616,010
2007-2011	3,874,844	3,530,664	7,405,508
2012-2016	<u>2,889,938</u>	<u>1,201,097</u>	<u>4,091,035</u>
Total	<u>\$10,998,712</u>	<u>\$9,100,926</u>	<u>\$20,099,638</u>

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

Note 18 - Segment Information for Enterprise Funds

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and adult education. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Adult Education	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$ 471,965	\$2,924	\$ 32,209	\$ 507,098
Depreciation	15,790	-	-	15,790
Operating Income (Loss)	(96,765)	1,479	(1,742)	(97,028)
Operating Grants	77,755	-	-	77,755
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Net Income (Loss)	(4,155)	1,479	(1,742)	(4,418)
Current Capital Contributions	-	-	-	-
Fixed Asset Additions	-	-	-	-
Fixed Asset Deletions	-	-	-	-
Net Working Capital	71,125	3,507	-	74,632
Total Assets	136,543	3,507	-	140,050
Long-Term Compensated Absences Payable	-	-	-	-
Total Equity	40,125	3,507	-	43,632
Encumbrances Outstanding	831	-	-	831

Note 19 - Jointly Governed Organizations, Related Organization and Public Entity Risk Pools

A. Jointly Governed Organizations

Tri-Rivers Educational Computer Association (TRECA) is a jointly governed organization among eighteen school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly that is comprised of the superintendents of the participating schools. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors. The board of directors exercises total control over the operation of TRECA including budgeting, appropriating, contracting and designating management.

The six member board of directors consists of four superintendents and the Tri-Rivers JVSD Superintendent and Treasurer. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid \$61,491 to TRECA during fiscal year 2001. The Tri-Rivers JVSD is the fiscal agent of TRECA. Financial information can be obtained by writing to the Tri-Rivers JVSD, 2222 Marion-Mt. Gilead Rd., Marion, Ohio 43302.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

The Village of Sunbury Community Park Joint Venture is a jointly governed organization between the Big Walnut Board of Education and The Village of Sunbury. The joint venture agreement was entered into for the purpose of development of an elementary school and an adjacent community park. The legislative and advisory body is made up of two members appointed by the school, two members appointed by the village and an agreed upon fifth member. The village has agreed to commit approximately 21 acres to the development of the school and park and the district has committed \$1.4 million to development of the park. Village of Sunbury financial information can be obtained by writing to the Village of Sunbury, P.O. Box 508, Sunbury, Oh 43074.

B. Related Organization

The Public Library is an organization related to Big Walnut Local School District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to Big Walnut Local School District. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the School District during fiscal year 2001.

C. Public Entity Risk Pools

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 20 - State School Funding Decision

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would not result in a significant increase in State funding for most Ohio school districts.

Big Walnut Local School District
Delaware County, Ohio

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued

However, as of December 1, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts.

Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

Note 21 - Contingencies

A. Grants

The School 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 School District at June 30, 2001.

B. Litigation

The School District is party to legal proceedings. The School District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 22 – Statutory Reserves

The School 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, 2001, the reserve activity (cash basis) was as follows:

**Big Walnut Local School District
Delaware County, Ohio**

*Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001 - Continued*

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance 7/1/2000	\$ -	\$ -	\$312,510	\$ 312,510
Required Set-Aside	386,242	386,242	-	772,483
Offset Credits	-	-	-	(0)
Qualifying Expenditures	<u>(386,242)</u>	<u>(386,242)</u>	-	<u>(772,483)</u>
Set-aside balance 6/30/2001	<u>\$ -</u>	<u>\$ -</u>	<u>\$312,510</u>	<u>\$ 312,510</u>
Restricted Cash 6/30/2001			<u>\$312,510</u>	<u>\$ 312,510</u>

Note 23 - Subsequent Event(s)

There were no significant subsequent events.

Big Walnut Local School District
Delaware County
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Year ended June 30, 2001

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-through Entity Identifying Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
Passed through Ohio Department of Education						
Nutrition Cluster:						
Food Distribution Program		10.550	\$ -	\$ 19,726	\$ -	\$ 14,855
National School Lunch Program	LL-P1-00	10.555				
	LL-PC-00					
	LL-P1-01					
	LL-P4-01		73,758	-	73,758	-
Special Milk Program	02-PU-00	10.556				
	02-PU-01		386	-	386	-
Total U.S. Department of Agriculture - Nutrition Cluster			74,144	19,726	74,144	14,855
<u>U.S. Department of Education</u>						
Passed through Ohio Department of Education						
Special Education Cluster:						
Handicapped - State Grants						
Title VI-B	6B-SF- 00	84.027	146,243	-	143,103	-
Pre-School Grant	PG-S1-00	84.173	10,187	-	10,187	-
			156,430	-	153,290	-
Educationally Deprived Children						
Title I	C1-S1-00	84.010	194,938	-	201,252	-
	C1-S1-01					
Title VI	C2-S1-00	84.298	21,970	-	17,289	-
	C2-S1-01					
Title VI-R	CR-S1-00	84.340	32,992	-	35,800	-
	CR-S1-01					
Drug Free Grant	DR-S1-00	84.186	18,660	-	17,734	-
	DR-S1-01					
Eisenhower	MS-S2-00	84.281	10,651	-	7,060	-
	MS-S2-02					
Total U.S. Department of Education			435,641	-	432,425	-
Total Federal Awards Receipts and Expenditures			\$ 509,785	\$ 19,726	\$ 506,569	\$ 14,855

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

**Big Walnut Local School District
Delaware County**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Year ended June 30, 2001

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

FOOD DISTRIBUTION

Non-monetary assistance is reported in the accompanying schedule of federal awards receipts and expenditures at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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Report On Compliance And On Internal Control Required Government Auditing Standards

Board of Education
Big Walnut Local School District
70 Walnut Street
P.O. Box 218
Galena, Ohio 43021

We have audited the general-purpose financial statements of Big Walnut Local School District, Delaware County, Ohio (the District) as of and for the year ended June 30, 2001 and have issued our report thereon dated December 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 7, 2001.

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 7, 2001.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

This report is intended for the information and use of management, 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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 7, 2001



Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Education
Big Walnut Local School District
70 Walnut Street
P.O. Box 218
Galena, Ohio 43021

Compliance

We have audited the compliance of Big Walnut Local School District, Delaware 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, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 its major federal program for the year ended June 30, 2001.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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1-800-523-6611
FAX (740) 345-5635

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*.

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

This report is intended for the information and use of management, 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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 7, 2001

**Big Walnut Local School District
Delaware County**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505

June 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

BIG WALNUT LOCAL SCHOOL DISTRICT

DELAWARE 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 14, 2002**