



**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Waynesfield Goshen Local School District
Auglaize County
500 N. Westminster Street
Waynesfield, Ohio 45896

To the Members of the Board of Education:

We have audited the accompanying general-purpose financial statements of the Waynesfield Goshen Local School District, Auglaize County, (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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Waynesfield Goshen Local School District, Auglaize County, as of June 30, 2001, and the results of its operations, and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

February 22, 2002

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**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2001**

| | General | Special Revenue | Debt Service | Capital Projects |
|---|--------------------|----------------------------|-------------------------|-----------------------------|
| ASSETS AND OTHER DEBITS | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,231,489 | \$87,984 | \$78,260 | \$146,411 |
| Cash and Cash Equivalents: | | | | |
| With Fiscal Agents | | 117 | | |
| Receivables: | | | | |
| Taxes | 764,473 | 15,262 | 104,446 | 38,074 |
| Intergovernmental | 250 | | | 37,917 |
| Accrued Interest | | | | |
| Income Tax | 169,664 | | | |
| Materials and Supplies Inventory | | | | |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 15,636 | | | |
| Fixed Assets | | | | |
| Accumulated Depreciation | | | | |
| Other Debits: | | | | |
| Amount in Available in Debt Service Fund for Retirement of General Obligation Debt | | | | |
| Amount to be Provided from General Government Resources | | | | |
| Total Assets and Other Debits | 3,181,512 | 103,363 | 182,706 | 222,402 |
| LIABILITIES, FUND EQUITY AND OTHER CREDITS | | | | |
| Liabilities: | | | | |
| Accounts Payable | 9,778 | 3,020 | | |
| Accrued Wages and Benefits | 336,274 | 8,052 | | |
| Compensated Absences Payable | 5,673 | | | |
| Intergovernmental Payable | 50,775 | 106 | | |
| Deferred Revenue | 758,712 | 14,614 | 99,649 | 57,755 |
| Due to Students | | | | |
| Asbestos Removal Loan Payable | | | | |
| General Obligation Bonds Payable | | | | |
| Total Liabilities | 1,161,212 | 25,792 | 99,649 | 57,755 |
| Fund Equity and Other Credits: | | | | |
| Investment in General Fixed Assets | | | | |
| Contributed Capital | | | | |
| Retained Earnings: | | | | |
| Unreserved | | | | |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Reserved for Encumbrances | 60,070 | 2,834 | | 14,584 |
| Reserved for Property Taxes | 33,866 | 648 | 4,797 | 1,662 |
| Reserved for Budget Stabilization | 15,636 | | | |
| Unreserved: | | | | |
| Unreserved, Undesignated | 1,910,728 | 74,089 | 78,260 | 148,401 |
| Total Fund Equity and Other Credits | 2,020,300 | 77,571 | 83,057 | 164,647 |
| Total Liabilities, Fund Equity and Other Credits | \$3,181,512 | \$103,363 | \$182,706 | \$222,402 |

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

| <u>Proprietary Fund Types</u> | <u>Fiduciary Fund Types</u> | | | <u>Totals (Memorandum Only)</u> |
|-----------------------------------|---------------------------------|-------------------------------------|--|---|
| <u>Enterprise</u> | <u>Trust and Agency</u> | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | |
| \$36,548 | \$41,496 | | | \$2,622,188 |
| | | | | 117 |
| | | | | 922,255 |
| | | | | 38,167 |
| | 450 | | | 450 |
| | | | | 169,664 |
| 2,445 | | | | 2,445 |
| | | | | 15,636 |
| 102,135 (63,652) | | \$6,927,073 | | 7,029,208 (63,652) |
| | | | \$83,057 | 83,057 |
| | | | 952,552 | 952,552 |
| <u>77,476</u> | <u>41,946</u> | <u>6,927,073</u> | <u>1,035,609</u> | <u>11,772,087</u> |
| 893 | 450 | | | 14,141 |
| 9,950 | | | | 354,276 |
| 8,068 | | | 177,670 | 191,411 |
| 9,710 | | | 31,982 | 92,573 |
| 1,481 | | | | 932,211 |
| | 34,268 | | | 34,268 |
| | | | 5,957 | 5,957 |
| | | | 820,000 | 820,000 |
| <u>30,102</u> | <u>34,718</u> | | <u>1,035,609</u> | <u>2,444,837</u> |
| | | 6,927,073 | | 6,927,073 |
| 90 | | | | 90 |
| 47,284 | | | | 47,284 |
| | | | | 77,488 |
| | | | | 40,973 |
| | | | | 15,636 |
| | 7,228 | | | 2,218,706 |
| <u>47,374</u> | <u>7,228</u> | <u>6,927,073</u> | | <u>9,327,250</u> |
| <u>\$77,476</u> | <u>\$41,946</u> | <u>\$6,927,073</u> | <u>\$1,035,609</u> | <u>\$11,772,087</u> |

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

| | <u>Governmental Fund Types</u> | | | | <u>Fiduciary Fund Types</u> | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|---------------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Revenues: | | | | | | |
| Intergovernmental | \$2,299,714 | \$172,200 | \$13,013 | \$72,240 | | \$2,557,167 |
| Interest | 137,637 | | | 5,553 | \$414 | 143,604 |
| Tuition and Fees | 46,125 | | | | | 46,125 |
| Extracurricular Activities | 4 | 67,047 | | | | 67,051 |
| Gifts and Donations | | | | | 500 | 500 |
| Income Tax | 429,926 | | | | | 429,926 |
| Property & Other Local Taxes | 759,122 | 15,210 | 108,407 | 38,071 | | 920,810 |
| Miscellaneous | 99,152 | | | | | 99,152 |
| Total Revenues | <u>3,771,680</u> | <u>254,457</u> | <u>121,420</u> | <u>115,864</u> | <u>914</u> | <u>4,264,335</u> |
| Expenditures: | | | | | | |
| Instruction: | | | | | | |
| Regular | 1,633,993 | 74,860 | | 25,148 | 1,500 | 1,735,501 |
| Special | 258,516 | 38,499 | | | | 297,015 |
| Vocational | 110,774 | | | | | 110,774 |
| Other | 760 | | | | | 760 |
| Support services: | | | | | | |
| Pupils | 69,237 | 100 | | | | 69,337 |
| Instructional Staff | 134,991 | 100,977 | | | | 235,968 |
| Board of Education | 19,441 | | | | | 19,441 |
| Administration | 394,444 | | | | | 394,444 |
| Fiscal | 140,682 | 320 | 2,077 | 734 | | 143,813 |
| Operation and Maintenance of Plant | 366,867 | 5,292 | | | | 372,159 |
| Pupil Transportation | 167,855 | | | | | 167,855 |
| Non-Instructional Services | 3,099 | | | | | 3,099 |
| Extracurricular activities | 76,273 | 82,836 | | | | 159,109 |
| Capital Outlay | | | | 14,157 | | 14,157 |
| Debt Service | | | | | | |
| Debt Service - Principal | | | 55,000 | | | 55,000 |
| Debt Service - Interest | | | 58,903 | | | 58,903 |
| Total Expenditures | <u>3,376,932</u> | <u>302,884</u> | <u>115,980</u> | <u>40,039</u> | <u>1,500</u> | <u>3,837,335</u> |
| Excess of Revenues | | | | | | |
| Over (Under) Expenditures | <u>394,748</u> | <u>(48,427)</u> | <u>5,440</u> | <u>75,825</u> | <u>(586)</u> | <u>427,000</u> |
| Other Financing Sources and Uses | | | | | | |
| Operating Transfers In | | 1,000 | | | | 1,000 |
| Operating Transfers Out | (1,000) | | | | | (1,000) |
| Total Other Financing Sources (Uses) | <u>(1,000)</u> | <u>1,000</u> | | | | |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 393,748 | (47,427) | 5,440 | 75,825 | (586) | 427,000 |
| Fund Balance at Beginning of Year | <u>1,626,552</u> | <u>124,998</u> | <u>77,617</u> | <u>88,822</u> | <u>7,814</u> | <u>1,925,803</u> |
| Fund Balance at End of Year | <u>\$2,020,300</u> | <u>\$77,571</u> | <u>\$83,057</u> | <u>\$164,647</u> | <u>\$7,228</u> | <u>\$2,352,803</u> |

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

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**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

| | Governmental Fund Types | | | | | |
|---|--------------------------------|--------------------|--|------------------------|-----------------|--|
| | General | | | Special Revenue | | |
| | Budget | Actual | Variance: Favorable (Unfavorable) | Budget | Actual | Variance: Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Intergovernmental | \$2,364,093 | \$2,300,064 | (\$64,029) | \$248,648 | \$172,200 | (\$76,448) |
| Interest | 100,000 | 148,173 | 48,173 | | | |
| Tuition and Fees | 55,300 | 46,294 | (9,006) | | | |
| Extracurricular Activities | 4 | 4 | | 57,700 | 67,179 | 9,479 |
| Gifts and Donations | | | | | | |
| Income Tax | 416,096 | 424,553 | 8,457 | | | |
| Property & Other Local Taxes | 743,419 | 768,909 | 25,490 | 14,985 | 15,330 | 345 |
| Miscellaneous | 71,250 | 97,899 | 26,649 | | | |
| Total Revenues | <u>3,750,162</u> | <u>3,785,896</u> | <u>35,734</u> | <u>321,333</u> | <u>254,709</u> | <u>(66,624)</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 1,728,622 | 1,609,906 | 118,716 | 184,978 | 74,860 | 110,118 |
| Special | 283,423 | 255,937 | 27,486 | 44,022 | 39,727 | 4,295 |
| Vocational | 118,740 | 98,242 | 20,498 | | | |
| Other | 4,000 | 760 | 3,240 | | | |
| Support services: | | | | | | |
| Pupils | 86,860 | 65,185 | 21,675 | 100 | 100 | |
| Instructional Staff | 155,420 | 127,164 | 28,256 | 107,321 | 100,692 | 6,629 |
| Board of Education | 20,570 | 18,772 | 1,798 | | | |
| Administration | 395,282 | 373,176 | 22,106 | | | |
| Fiscal | 148,467 | 139,758 | 8,709 | 350 | 320 | 30 |
| Operation and Maintenance of Plant | 448,092 | 346,565 | 101,527 | 14,546 | 5,292 | 9,254 |
| Pupil Transportation | 200,248 | 216,092 | (15,844) | | | |
| Non-Instructional Services | 11,250 | 3,099 | 8,151 | | | |
| Extracurricular activities | 77,250 | 75,590 | 1,660 | 84,206 | 85,258 | (1,052) |
| Capital Outlay | | | | | | |
| Debt Service | | | | | | |
| Debt Service - Principal | | | | | | |
| Debt Service - Interest | | | | | | |
| Total Expenditures | <u>3,678,224</u> | <u>3,330,246</u> | <u>347,978</u> | <u>435,523</u> | <u>306,249</u> | <u>129,274</u> |
| Excess of Revenues | | | | | | |
| Over (Under) Expenditures | <u>71,938</u> | <u>455,650</u> | <u>383,712</u> | <u>(114,190)</u> | <u>(51,540)</u> | <u>62,650</u> |
| Other Financing Sources and Uses | | | | | | |
| Sale and loss of Assets | 100 | | (100) | | | |
| Operating Transfers In | | | | 1,000 | 1,000 | |
| Refund of Prior Year Expenditures | 50 | 1,257 | 1,207 | | | |
| Advances In | 20,000 | 24,500 | 4,500 | 9,000 | 6,000 | (3,000) |
| Operating Transfers Out | (75,000) | (1,000) | 74,000 | | | |
| Advances Out | (30,000) | (6,000) | 24,000 | (6,000) | (6,000) | |
| Total Other Financing Sources (Uses) | <u>(84,850)</u> | <u>18,757</u> | <u>103,607</u> | <u>4,000</u> | <u>1,000</u> | <u>(3,000)</u> |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (12,912) | 474,407 | \$487,319 | (110,190) | (50,540) | 59,650 |
| Fund Balances at Beginning of Year | 1,597,664 | 1,597,664 | | 125,640 | 125,640 | |
| Prior Year Encumbrances Appropriated | 108,958 | 108,958 | | 3,477 | 3,477 | |
| Fund Balance at end of Year | <u>\$1,693,710</u> | <u>\$2,181,029</u> | <u>\$487,319</u> | <u>\$18,927</u> | <u>\$78,577</u> | <u>\$59,650</u> |

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

| Governmental Fund Types | | | | | | Fiduciary Trust Fund | | |
|-------------------------|-----------------|---|------------------|------------------|---|----------------------|----------------|---|
| Debt Service | | | Capital Projects | | | Expendable Trust | | |
| Budget | Actual | Variance: Favorable (Unfavorable) | Budget | Actual | Variance: Favorable (Unfavorable) | Budget | Actual | Variance: Favorable (Unfavorable) |
| \$13,829 | \$13,013 | (\$816) | \$39,172 | \$55,666 | \$16,494 | \$300 | \$35 | (\$265) |
| | | | 3,000 | 5,982 | 2,982 | | | |
| | | | | | | 500 | 500 | |
| 124,051 | 110,645 | (13,406) | 37,314 | 38,663 | 1,349 | | | |
| <u>137,880</u> | <u>123,658</u> | <u>(14,222)</u> | <u>79,486</u> | <u>100,311</u> | <u>20,825</u> | <u>800</u> | <u>535</u> | <u>(265)</u> |
| | | | 58,229 | 39,732 | 18,497 | 1,500 | 1,500 | |
| 2,500 | 2,077 | 423 | 1,050 | 734 | 316 | | | |
| | | | 82,400 | 14,157 | 68,243 | | | |
| 55,000 | 55,000 | | | | | | | |
| 69,000 | 58,903 | 10,097 | | | | | | |
| <u>126,500</u> | <u>115,980</u> | <u>(10,520)</u> | <u>141,679</u> | <u>54,623</u> | <u>87,056</u> | <u>1,500</u> | <u>1,500</u> | |
| 11,380 | 7,678 | (3,702) | (62,193) | 45,688 | 107,881 | (700) | (965) | (265) |
| | | | | | | | | |
| | | | | | | | | |
| 11,380 | 7,678 | (3,702) | (62,193) | 45,688 | 107,881 | (700) | (965) | (265) |
| 70,582 | 70,582 | | 85,789 | 85,789 | | 7,743 | 7,743 | |
| | | | 350 | 350 | | | | |
| <u>\$81,962</u> | <u>\$78,260</u> | <u>(\$3,702)</u> | <u>\$23,946</u> | <u>\$131,827</u> | <u>\$107,881</u> | <u>\$7,043</u> | <u>\$6,778</u> | <u>(\$265)</u> |

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

| | <u>Enterprise Funds</u> |
|--|-----------------------------|
| Operating Revenues: | |
| Sales | \$131,951 |
| Total Operating Revenues | <u>131,951</u> |
| Operating Expenses | |
| Salaries | 58,753 |
| Fringe Benefits | 18,718 |
| Purchased Services | 1,575 |
| Materials and Supplies | 86,383 |
| Depreciation | 3,370 |
| Other | <u>93</u> |
| Total Operating Expenses | <u>168,892</u> |
| Operating Income (Loss) | (36,941) |
| Non-Operating Revenues and Expenses | |
| Federal Donated Commodities | 11,368 |
| Interest | 357 |
| Federal and State Subsidies | <u>34,040</u> |
| Total Non-Operating Revenues and Expenses | <u>45,765</u> |
| Net Income (Loss) | 8,824 |
| Retained Earnings/Fund Balances at Beginning of Year | <u>38,460</u> |
| Retained Earnings/Fund Balances at End of Year | <u>47,284</u> |
| Contributed Capital at Beginning of Year | <u>90</u> |
| Contributed Capital at End of Year | <u>90</u> |
| Total Fund Equity at End of Year | <u><u>\$47,374</u></u> |

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

| | <u>Enterprise</u> |
|---|--------------------------|
| Increase (Decrease) in Cash and Cash Equivalents | |
| Cash Flows from Operating Activities: | |
| Cash Received from Sales | \$132,450 |
| Cash Payments to Suppliers for Goods and Service | (79,440) |
| Cash Payments for Contract Services | (1,358) |
| Cash Payments for Employee Services | (50,173) |
| Cash Payments for Employee Benefits | (24,678) |
| Other Cash Payments | (55) |
| Net Cash Provided (Used) by Operating Activities | <u>(23,254)</u> |
| Cash Flows from Noncapital Financing Activities: | |
| Operating Grants Received | 34,040 |
| Advances Out | <u>(18,500)</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>15,540</u> |
| Cash Flows from Investing Activities: | |
| Interest Received | <u>357</u> |
| Net Cash Provided (Used) by Investing Activities | <u>357</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Payments for Capital Acquisitions | <u>(270)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(270)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (7,627) |
| Cash and Cash Equivalents at Beginning of Year | <u>44,175</u> |
| Cash and Cash Equivalents at End of Year | <u><u>36,548</u></u> |
| | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | (36,941) |
| Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities: | |
| Depreciation | 3,370 |
| Donated Commodities Used During the Year | 11,368 |
| Adjustments to Capital Outlay | 270 |
| (Increase) Decrease in Assets: | |
| Accounts Receivable | 499 |
| Material and Supplies Inventory | 3,054 |
| Prepaid Items | 1,066 |
| Increase (Decrease) in Liabilities: | |
| Compensated Absences Payable | 803 |
| Intergovernmental Payable | (348) |
| Deferred Revenue | (176) |
| Accrued Wages and Benefits | 1,137 |
| Accounts Payable | <u>(7,356)</u> |
| Total Adjustments | 13,687 |
| Net Cash Provided (Used) by Operating Activities | <u><u>(\$23,254)</u></u> |

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

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**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Waynesfield-Goshen Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established in 1958 through the consolidation of existing land areas and school districts. The District serves an area of approximately ninety-four square miles. It is located in Allen, Auglaize, and Logan Counties, and includes all of the Village of Waynesfield, and Wayne, Goshen, and parts of Union and Clay Townships.

The District is the 586th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 28 classified employees, 44 certified teaching personnel, and three administrative employees who provide services to 620 students and other community members. The District currently operates an instructional building and an administration building.

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with five jointly governed organizations and two public entity risk pools. These organizations are the Western Ohio Computer Organization (WOCO), Ohio Hi-Point Joint Vocational School, Auglaize County Local Professional Development Committee, West Central Regional Professional Development Center, West Central Ohio Special Education Regional Resource Center, Mercer Auglaize Employee Benefit Trust, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general-purpose financial statements.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Waynesfield-Goshen 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 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. Following are the more significant of the District's accounting policies.

A. Basis of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain 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, together with 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

1. Governmental Fund Types:

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

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred 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 expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation 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 or trust funds).

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Type:

Proprietary funds are used to account for the District's ongoing activities that are similar to those found in the private sector.

The following is the District's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for activities 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.

3. Fiduciary Fund Types:

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

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of 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 District, except those accounted for in proprietary funds or trust funds.

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

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proprietary fund type is accounted for using 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. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds 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. The full accrual basis of accounting is followed for the proprietary fund type.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, includes property and income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized on a modified accrual basis in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements included timing requirements, which specify the fiscal year when the revenue resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end; property taxes available as an advance, income taxes, grants, interest, tuition, and fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are 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.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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 primary level of budgetary control is at the object level within each function and fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Eisenhower, Drug Free, and Preschool Handicapped special revenue funds are flow-through grants in which the Auglaize County Educational Service Center is the primary recipient. Budgetary information for these funds is not included within the District's reporting entity for which the "appropriated budget" is adopted.

Advances-in and advances -out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

1. 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 Auglaize County Budget Commission for rate determination.

2. Estimated Resources

Prior to 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 District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2001.

3. 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 is 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 District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as 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 appropriation resolutions were legally enacted.

The budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, except for agency funds, consistent with statutory provisions.

4. Encumbrances

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

5. Lapsing of Appropriations

At the close of each fiscal 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 reappropriated.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

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

Cash and cash equivalents held for the District by the Auglaize County Educational Service Center are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2001, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 was \$137,637, which included \$20,646 assigned from other District funds.

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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

E. Inventory

Inventory in the proprietary fund is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory in the proprietary fund consists of donated food, purchased food, and school supplies held for resale and is expended when used.

F. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 15 for the calculation of the year-end restricted assets balance and the corresponding fund balance reserves.

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 fund is capitalized. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over an estimated useful life of five to twenty years.

H. 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 District will compensate the employees for the benefits through paid time off or some other means. The 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 the 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 District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service with the District.

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 the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

I. 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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Long-term loans and bonds are reported as liabilities in the general long-term obligations account group until due.

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

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Contributed Capital

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

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1995, 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 the proprietary fund has been classified as retained earnings.

K. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves have been established for property taxes, budget stabilization, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents the workmens compensation amount required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

L. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues 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 enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

Non-Reimbursable Grants

Special Revenue Funds

- School Net Professional Development
- Teacher Development
- Education Management Information Systems
- Onenet Network Connectivity
- Ohio Reads
- Summer Intervention

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

- Extended Learning
- Safe School Helpline
- Conflict Management
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Drug Free
- Preschool Handicapped
- Reducing Class Size
- Raising the Bar

Capital Projects Funds

- Disability Access
- SchoolNet Plus
- Technology Equity
- Interactive Video Distance Learning
- Emergency Building Repair

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Fund

- Telecommunication

Enterprise Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 60 percent of the revenues of the District's governmental fund types during the 2001 fiscal year.

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. Use of Estimates

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

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. 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.

3. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" and Statement No. 36, "*Recipient Reporting for Certain Shared Nonexchange Revenues*".

These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

4. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances 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 and Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

- d. The District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to the District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
- e. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust |
|----------------------|------------------|----------------------------|-------------------------|-----------------------------|-----------------------------|
| Budget Basis | \$474,407 | (\$50,540) | \$7,678 | \$45,688 | (\$965) |
| Revenue Accruals | (15,473) | 3,675 | (2,238) | 15,553 | 379 |
| Expenditure Accruals | (112,786) | (2,115) | | | |
| Advances-in | (24,500) | | | | |
| Advances-out | 6,000 | | | | |
| Non-budgeted Funds | | (3,927) | | | |
| Encumbrances | <u>66,100</u> | <u>5,480</u> | <u> </u> | <u>14,584</u> | <u> </u> |
| GAAP Basis | <u>\$393,748</u> | <u>(\$47,427)</u> | <u>\$5,440</u> | <u>\$75,825</u> | <u>(\$586)</u> |

5. DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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 passbook accounts.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

- a. United States Treasury bills, bonds, notes 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;
- b. Bonds, notes, debentures, or any other obligation or security 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;
- c. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
- d. Bonds and other obligations of the State of Ohio;
- e. 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; and
- f. The State Treasurer's investment pool (STAR Ohio).

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 the short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the District had \$117 in cash and cash equivalents held by the Auglaize County Educational Service Center, which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the District together with that of other school districts, and therefore, the District cannot classify this money by risk under GASB Statement No. 3.

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

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits - At fiscal year end, the carrying amount of the District's deposits was \$2,637,824 and the bank balance was \$2,699,754. Of the bank balance, \$100,109 was covered by federal depository insurance and \$2,599,645 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Depository Insurance Corporation.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes for 2001 were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2001 were levied after April 1, 2001, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes for 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Allen, Auglaize, and Logan Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 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 represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes that were measurable as of June 30, 2001 and for which there is an enforceable claim. 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 fiscal year operations and is recognized as revenue at fiscal year end. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. PROPERTY TAXES (Continued)

The amount available as an advance at June 30, 2001, was \$33,866 in the General Fund, \$648 in the ½ Mill Levy special revenue fund, \$4,797 in the Bond Retirement debt service fund, and \$1,662 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2000, was \$43,653 in the General Fund, \$768 in the ½ Mill Levy special revenue fund, \$7,035 in the Bond Retirement debt service fund, and \$2,254 in the Permanent Improvement capital projects fund.

The assessed values upon which fiscal year 2001 taxes were collected are:

| | 2000 Second-Half Collections | | 2001 First-Half Collections | |
|---|---------------------------------|---------|--------------------------------|---------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$30,822,050 | 91.66% | \$31,480,630 | 92.44% |
| Public Utility | 1,855,460 | 5.52 | 1,601,430 | 4.70 |
| Tangible Personal | 948,190 | 2.82 | 971,940 | 2.86 |
| Total Assessed Value | \$33,625,700 | 100.00% | \$34,054,000 | 100.00% |
| Tax rate per \$1,000 of assessed valuation | \$42.85 | | \$42.67 | |

7. INCOME TAXES

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1997, 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 District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, and accrued interest. 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. The General Fund had an intergovernmental receivable, in the amount of \$250, for a validation study, and the Interactive Video Distance Learning fund had an intergovernmental receivable, in the amount of \$37,917.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

9. FIXED ASSETS

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

| | |
|-------------------------------|------------------------|
| Furniture and Equipment | \$102,135 |
| Less Accumulated Depreciation | <u>(63,652)</u> |
| Net Fixed Assets | <u><u>\$38,483</u></u> |

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

| <u>Asset Category</u> | <u>Balance at 6/30/00</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at 6/30/01</u> |
|----------------------------|-------------------------------|------------------------|-------------------|-------------------------------|
| Land and Improvements | \$ 156,893 | \$ | | \$ 156,893 |
| Buildings and Improvements | 4,835,395 | 42,641 | | 4,878,036 |
| Furniture and Equipment | 1,217,227 | 46,754 | | 1,263,981 |
| Text and Library Books | 232,356 | | | 232,356 |
| Vehicles | 395,807 | | | 395,807 |
| Totals | <u><u>\$6,837,678</u></u> | <u><u>\$89,395</u></u> | | <u><u>\$6,927,073</u></u> |

10. RISK MANAGEMENT

A. Property and Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District contracted for the following insurance coverages.

Coverages provided by Utica National Insurance Group are as follows:

| | <u>Maximum Deductible</u> | <u>Coverage</u> |
|---|-------------------------------|-----------------|
| Building and Contents - replacement cost (includes boiler and machinery) | \$500 | \$11,379,200 |
| Commercial Auto/Business Auto | 250 | 1,000,000 |
| Musical Instruments | 100 | 101,969 |
| Audio Visual Equipment/Radios | 100 | 8,160 |
| Computers | | |
| 100 mechanical; 1,000 non-mechanical | | 605,000 |
| Miscellaneous Scheduled Property | 250 | 10,000 |

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

10. RISK MANAGEMENT (Continued)

Coverages provided by Nationwide Insurance are as follows:

| | Maximum Decuctible | Coverage |
|--------------------------|-----------------------|-------------|
| General Liability | | |
| Per Occurrence | n/a | \$1,000,000 |
| Total per Year | n/a | 3,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

A. Insurance Risk Pool

The District participates in the Mercer Auglaize Employee Benefit Trust (the Trust)(Note 18), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

B. Workers' Compensation Group Rating Plan

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 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 District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$161,439, \$92,443, and \$86,122, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$26,825, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer-defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board.

The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$18,685, \$23,939, and \$30,611, respectively; 35 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$12,042, is recorded as a liability within the respective funds and the general long-term debt account group.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System and have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2001, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Benefits include hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS.

Most benefit recipients pay a portion of health care costs in the form of a monthly premium. This system is pay-as-you-go basis. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Reserve Fund. For the District, this amount equaled \$76,471. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more 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.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, employer's contribution rate was 9.80 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 2001, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$56,499.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (latest information available) were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, the Retirement System's net assets available for payment of health care benefits were \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for certified employees, 200 days for administrative employees, and 195 days for classified employees. Upon retirement, payment is made for one-fourth of the accrued, but unused sick leave credit to a maximum of forty-six days for certified and administrative employees, and forty-seven days for classified employees.

B. Health Care Benefits

The District provides medical and dental benefits to employees through the Mercer Auglaize Employee Benefit Trust. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. The District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

14. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2001 were as follows:

| | <u>Balance at 6/30/00</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at 6/30/01</u> |
|--|-------------------------------|------------------|-------------------|-------------------------------|
| <u>General Obligation Bonds:</u> | | | | |
| 1995 School Improvement Bonds 5.85-8.25% | \$240,000 | | \$5,000 | \$235,000 |
| 1989 School Improvement Bonds 7.125% | 630,000 | | 45,000 | 585,000 |
| Total General Obligation Bonds | 870,000 | | 50,000 | 820,000 |
| <u>Other Long-Term Obligations:</u> | | | | |
| 1992 Asbestos Removal Loan | 10,957 | | 5,000 | 5,957 |
| Compensated Absences Payable | 222,778 | | 45,108 | 177,670 |
| Intergovernmental Payable | 30,768 | 31,982 | 30,768 | 31,982 |
| Total Other Long-Term Obligations | 264,503 | 31,982 | 80,876 | 215,609 |
| Total General Long-Term Obligations | <u>\$1,134,503</u> | <u>\$31,982</u> | <u>\$130,876</u> | <u>\$1,035,609</u> |

1995 School Improvement Bonds - On March 1, 1995, the District issued \$260,000 in voted general obligation bonds for a building addition. The bonds were issued for a twenty-four year period, with final maturity in fiscal year 2019. The bonds are being retired through the Bond Retirement debt service fund.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

1989 School Improvement Bonds - On September 1, 1989, the District issued \$1,033,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-three year period, with final maturity in fiscal year 2013. The bonds are being retired through the Bond Retirement debt service fund.

1992 Asbestos Removal Loan - In fiscal year 1992, the District obtained an interest free loan, in the amount of \$53,457, for asbestos removal. The loan was issued for a ten-year period with final maturity in fiscal year 2002. The loan is being retired through the Bond Retirement debt service fund.

1996 School Facilities Loan - In fiscal year 1996, the District received \$2,309,966 for construction and improvements to its facilities under the State's "Classroom Facilities Program." Under this program the District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Generally, the District repays the State for its contribution by levying an additional property tax of one-half mill for a twenty-three year period.

The District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the \$2,309,966 to the State because the District's adjusted valuation per pupil was less than the statewide median adjusted valuation per pupil. In lieu of the repayment, the District must set aside the funds that would have been used for repaying to the State for facilities maintenance. As part of the process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires.

If the District's adjusted valuation per pupil increases above the statewide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution. Based on the District's adjusted valuation relative to the statewide median adjusted valuation, this possibility appears remote.

Compensated absences and intergovernmental payables, representing the District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

Principal and interest requirements to retire general long-term obligations at June 30, 2001, were as follows:

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|------------------|------------------|--------------------|
| 2002 | \$55,000 | \$55,285 | \$110,285 |
| 2003 | 55,957 | 51,460 | 107,417 |
| 2004 | 55,000 | 47,429 | 102,429 |
| 2005 | 60,000 | 43,219 | 103,219 |
| 2006 | 60,000 | 38,832 | 98,832 |
| 2007 - 2011 | 305,000 | 131,119 | 436,119 |
| 2012 - 2016 | 175,000 | 37,691 | 212,691 |
| 2017 - 2019 | 60,000 | 5,670 | 65,670 |
| Total | <u>\$825,957</u> | <u>\$410,705</u> | <u>\$1,236,662</u> |

The District's overall debt margin was \$2,327,917, with an unvoted debt margin of \$34,054 at June 30, 2001.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

15. SET ASIDE CALCULATIONS

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward and used for the same purposes in future years. In addition, the District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

| | Textbooks | Capital Improvements | Budget Stabilization |
|--|------------------|---------------------------------|---------------------------------|
| Balance June 30, 2000 | (\$ 10,077) | \$ 0 | \$46,386 |
| Reduction in Requirement Based on Revised Legislation | | | (30,750) |
| Current Year Set Aside Requirement | 76,966 | 76,966 | 0 |
| Qualifying Expenditures | <u>(100,926)</u> | <u>(97,083)</u> | <u>0</u> |
| Balance Carried Forward to Fiscal Year 2002 | (\$ 34,037) | \$(20,117) | \$15,636 |
| Reserve Balance June 30, 2001 | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$15,636</u> |

The District had qualifying expenditures during the year that reduced the textbooks and capital improvements set aside amounts below zero; however, the District has chosen not to use these amounts to reduce the set aside requirement of future years. The total reserve balance for the set asides at the end of the fiscal year was \$15,636.

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Waynesfield-Goshen Local District as of and for the fiscal year ended June 30, 2001.

| | Food Service | Uniform School Supplies | Total Enterprise Funds |
|-----------------------------|---------------------|------------------------------------|-----------------------------------|
| Operating Revenues | \$118,970 | \$12,981 | \$131,951 |
| Depreciation Expense | 3,370 | 0 | 3,370 |
| Operating Income (Loss) | (43,517) | 6,576 | (36,941) |
| Federal Donated Commodities | 11,368 | 0 | 11,368 |
| Grants | 34,040 | 0 | 34,040 |
| Interest | 357 | 0 | 357 |
| Net Income (Loss) | 2,248 | 6,576 | 8,824 |
| Net Working Capital | 6,130 | 2,761 | 8,891 |
| Total Assets | 74,715 | 2,761 | 77,476 |
| Total Liabilities | 30,102 | 0 | 30,102 |
| Total Equity | 44,613 | 2,761 | 47,374 |

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS

A. Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The 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 school districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Sonny Ivey, who serves as Director, 129 East Court Street, Sidney, Ohio 45365.

B. Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the eleven participating school districts' elected boards. The degree of control exercised by the District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

C. Auglaize County Local Professional Development Committee

The Auglaize County Local Professional Development Committee (LPDC) was established to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The LPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The degree of control exercised by any participating school district is limited to its representation on the governing board. Financial information can be obtained from the Auglaize County Educational Service Center, who serves as fiscal agent, 1045 Dearbaugh Street, Wapakoneta, Ohio 45895.

D. West Central Regional Professional Development Center

The West Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The jointly governed organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. West Central Ohio Special Education Regional Resource Center

The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent of the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Krista Hart, Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

18. PUBLIC ENTITY RISK POOLS

A. Mercer Auglaize Employee Benefit Trust

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee, which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler; Schmidt, Long, and Associates, Inc.; 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), was established through the Ohio School Boards Association (OSBA) as 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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

19. GRANTS

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

**WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

(Continued)

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 result in an increase in State funding for most Ohio school districts. However, as of February 22, 2002, 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 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.

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

Waynesfield Goshen Local School District
Auglaize County
500 N. Westminster Street
Waynesfield, Ohio 45896

To the Board of Education:

We have audited the financial statements of the Waynesfield Goshen Local School District, Auglaize County, (the District) as of and for the years ended June 30, 2001, and have issued our report thereon dated February 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 February 22, 2002.

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.

Waynesfield Goshen Local School District
Auglaize County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*

This report is intended for the information and use of the audit committee, management, the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 22, 2002



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WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2002**