



**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Westfall Local School District
Pickaway County
19463 Pherson Pike
Williamsport, Ohio 43164-9745

To the Board of Education

We have audited the accompanying general-purpose financial statements of the Westfall Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 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 the Westfall Local School District, Pickaway County, Ohio as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

JIM PETRO
Auditor of State

November 15, 2001

**Westfall Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001**

	Governmental Fund Types			Proprietary		Fiduciary	Account Groups		Totals	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum) (Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 374,551	376,948	188,718	11,240,086	65,001	28,911	98,357	0	0	\$ 12,372,572
Cash with Fiscal Agent	0	0	0	0	0	68,563	0	0	0	68,563
Taxes Receivable	4,030,980	59,735	436,251	0	0	0	0	0	0	4,526,966
Interfund Receivables	187,936	0	0	0	0	0	0	0	0	187,936
Due from Other Funds	0	0	0	0	0	0	164,837	0	0	164,837
Intergovernmental Receivables	0	22,381	0	0	26,769	377,879	0	0	0	427,029
Accounts Receivable	2,159	688	0	0	1,459	0	315	0	0	4,621
Supply Inventory	4,086	0	0	0	1,484	0	0	0	0	5,570
Inventory for Resale	0	0	0	0	4,430	0	0	0	0	4,430
Property, Plant & Equipment	0	0	0	0	244,968	0	0	9,768,178	0	10,013,146
Accumulated Depreciation, Where Applicable	0	0	0	0	(136,071)	0	0	0	0	(136,071)
Amount Available in Debt Service	0	0	0	0	0	0	0	0	213,603	213,603
Amount to be Provided for Retirement of GLTD	0	0	0	0	0	0	0	0	7,110,069	7,110,069
Total Assets and Other Debits	\$ 4,599,712	459,752	624,969	11,240,086	208,040	475,353	263,509	9,768,178	7,323,672	\$ 34,963,271

(Continued)

Westfall Local School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2001

	Governmental Fund Types			Proprietary	Internal	Fiduciary	Account Groups		Totals	
	General	Special Revenue	Debt Service	Capital Project		Fund Type Enterprise	Trust and Agency	General Fixed Assets	General Long Term	2001 (Memorandu Only)
Liabilities:										
Interfund Payables	\$ 0	37,936	0	0	150,000	0	0	0	0	\$ 187,936
Due to Other Funds	154,267	10,448	0	3	119	0	0	0	0	164,837
Intergovernmental Payables	5,014	469	0	0	13,398	0	236,976	0	78,314	334,171
Accounts Payable	62,941	22,145	232	366	0	0	4,240	0	0	89,924
Accrued Salaries and Benefits	795,124	54,401	0	0	25,652	0	0	0	0	875,177
Deferred Revenue	3,825,990	55,929	411,134	0	2,875	0	0	0	0	4,295,928
Contracts Payable	0	0	0	492,297	0	0	0	0	0	492,297
Retainage Payable	0	0	0	23,112	0	0	0	0	0	23,112
Claims Payable	0	0	0	0	0	216,405	0	0	0	216,405
Due to Student Activities	0	0	0	0	0	0	22,293	0	0	22,293
Bonds Payable	0	0	0	0	0	0	0	0	6,405,731	6,405,731
Compensated Absences Payable	32,497	0	0	0	10,463	0	0	0	839,627	882,587
Total Liabilities	4,875,833	181,328	411,366	515,778	202,507	216,405	263,509	0	7,323,672	13,990,398
Fund Equity and Other Credits:										
Investment in General Fixed Assets	0	0	0	0	0	0	0	9,768,178	0	9,768,178
Retained Earnings	0	0	0	0	5,533	258,948	0	0	0	264,481
Fund Balances:										
Reserved for Supply Inventory	4,086	0	0	0	0	0	0	0	0	4,086
Reserved for Encumbrances	140,469	39,652	0	87,058	0	0	0	0	0	267,179
Reserved for Future Appropriations	204,738	3,806	25,118	0	0	0	0	0	0	233,662
Unreserved Fund Balance	(625,414)	234,966	188,485	10,637,250	0	0	0	0	0	10,435,287
Total Fund Balances	(276,121)	278,424	213,603	10,724,308	0	0	0	0	0	10,940,214
Total Fund Balances/Retained Earnings and Other Credits	(276,121)	278,424	213,603	10,724,308	5,533	258,948	0	9,768,178	0	20,972,873
Total Liabilities, Fund Equity, and Other Credits	\$ 4,599,712	459,752	624,969	11,240,086	208,040	475,353	263,509	9,768,178	7,323,672	\$34,963,271

See Accompanying Notes to the General Purpose Financial Statement

Westfall Local School District
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
Year Ended June 30, 2001

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
REVENUES:					
Revenue from Local Sources					
Taxes	\$ 3,078,535	61,634	406,773	0	\$ 3,546,942
Tuition	71,032	0	0	0	71,032
Earnings on Investments	79,685	741	8,353	520,691	609,470
Extracurricular Activities	8,920	229,420	0	0	238,340
Classroom Materials & Fees	30,739	0	0	0	30,739
Miscellaneous	905,646	10,665	0	0	916,311
Revenue from Intermediate Sources					
Revenue in Lieu of Taxes	8,489	0	0	0	8,489
Revenue from State Sources					
Unrestricted Grants-in-Aid	5,218,289	35,851	44,843	0	5,298,983
Restricted Grants-in-Aid	74,204	144,385	0	5,109,800	5,328,389
Revenue from Federal Sources					
Unrestricted Grants-in-Aid	0	687,751	0	0	687,751
Total Revenue	9,475,539	1,170,447	459,969	5,630,491	16,736,446
EXPENDITURES:					
Instruction:					
Regular	4,869,305	410,556	0	44,562	5,324,423
Special Instruction	673,273	276,125	0	0	949,398
Vocational	17,361	0	0	0	17,361
Supporting Services:					
Pupils	222,566	20,468	0	0	243,034
Instructional Staff	470,863	253,021	0	250	724,134
Board of Education	80,526	1,685	0	0	82,211
Administration	1,014,220	11,043	0	0	1,025,263
Fiscal Services	266,686	1,793	9,931	0	278,410
Business	84,359	0	0	0	84,359
Operation & Maintenance-Plant	859,637	0	0	0	859,637
Pupil Transportation	838,470	2,515	0	0	840,985
Central	68,087	1,926	0	0	70,013
Community Services	0	22,984	0	0	22,984
Extracurricular Activities					
Academic & Subject Oriented	27,579	54,183	0	0	81,762
Occupation Oriented		1,093	0	0	1,093
Sports Oriented	106,577	111,524	0	0	218,101
Co-Curricular Activities	14,333	0	0	0	14,333
Capital Outlay:					
Site Acquisition	0	0	0	12,990	12,990
Architecture & Engineering	0	0	0	734,417	734,417
Building Acq. & Construction	0	0	0	1,064,696	1,064,696
Building Improvement	0	0	0	111,287	111,287
Debt Service:					
Repayment of Debt	0	0	458,118	0	458,118
Total Expenditures	9,613,842	1,168,916	468,049	1,968,202	13,219,009
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(138,303)	1,531	(8,080)	3,662,289	3,517,437
Other Financing Sources and Uses:					
Other Financing Sources					
Proceeds from Sale of Notes	0	0	3,696	0	3,696
Transfers-In	0	68,551	0	130,000	198,551
Other Sources	28,787	13,918	0	0	42,705
Other Financing Uses					
Transfer-Out	(166,000)	0	0	(32,551)	(198,551)
Pass Through Payments	0	(1,000)	0	0	(1,000)
Other Expenditures	(90)	(2,100)	0	0	(2,190)
Net Other Financing Sources and Uses	(137,303)	79,369	3,696	97,449	43,211
Excess (Deficiency) of Revenues and Other Sources					
Over Expenditures and Other Uses	(275,606)	80,900	(4,384)	3,759,738	3,560,648
Increase Supply Inventory	(6,812)	0	0	0	(6,812)
Beginning Fund Balance	6,297	197,524	217,987	6,964,570	7,386,378
Ending Fund Balance	<u>\$ (276,121)</u>	<u>278,424</u>	<u>213,603</u>	<u>10,724,308</u>	<u>\$ 10,940,214</u>

See Accompanying Notes to the General Purpose Financial Statements

Westfall Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types
Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 3,473,739	3,473,739	0	68,389	68,389	\$ 0
Tuition	71,032	71,032	0	0	0	0
Earnings on Investment	79,696	79,696	0	741	741	0
Extracurricular Activities	8,920	8,920	0	228,732	228,732	0
Classroom Materials & Fees	30,773	30,773	0	0	0	0
Miscellaneous	905,646	905,646	0	10,665	10,665	0
Revenue in Lieu of Taxes	8,489	8,489	0	0	0	0
State Unrestricted Grants-in-Aid	5,196,129	5,196,129	0	35,851	35,851	0
State Restricted Grants-in-Aid	76,154	76,154	0	144,385	144,385	0
Federal Restricted Grants-in-Aid	0	0	0	665,370	665,370	0
Total Revenue	9,850,578	9,850,578	0	1,154,133	1,154,133	0
Expenditures:						
Regular Instruction	4,837,513	4,827,536	9,977	462,152	391,554	70,598
Special Instruction	669,420	663,309	6,111	273,760	269,521	4,239
Vocational Instruction	17,776	17,761	15	0	0	0
Support Services-Pupils	241,428	226,930	14,498	22,136	20,312	1,824
Support Services-Instructional Staff	481,004	464,579	16,425	290,035	250,506	39,529
Support Services-Board of Education	88,501	79,141	9,360	1,805	1,685	120
Support Services-Administration	1,059,498	1,023,730	35,768	21,216	10,923	10,293
Fiscal Services	271,023	265,140	5,883	104,298	1,757	102,541
Support Services-Business	89,575	86,742	2,833	0	0	0
Operation & Maintenance-Plant	1,042,692	1,012,716	29,976	100	0	100
Support Services-Transportation	881,625	840,781	40,844	2,771	2,480	291
Support Services-Central	75,750	68,187	7,563	20,999	1,926	19,073
Community Service	0	0	0	22,924	22,520	0
Academic & Subject Oriented	28,180	27,486	694	62,479	60,767	1,712
Occupation Oriented Act.	0	0	0	1,098	1,093	5
Sports Oriented	138,272	106,608	31,664	133,625	127,656	5,969
Co-Curricular Activities	16,000	14,392	1,608	0	0	0
Architecture & Engineering	0	0	0	0	0	0
Building Improvement	0	0	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
Total Expenditures	9,938,257	9,725,038	213,219	1,419,398	1,162,700	256,698
Excess of Revenue Over (Under) Expenditures	(87,679)	125,540	213,219	(265,265)	(8,567)	256,698
Other Financing Sources (Uses):						
Proceeds from Sale of Notes	0	0	0	0	0	0
Transfer-In	0	193,258	193,258	594	68,551	67,957
Advances-In	108,912	108,912	0	2,100	37,937	35,837
Refund of Prior Year Expenditures	5,000	31,712	26,712	0	13,918	13,918
Transfer-Out	(361,284)	(359,258)	2,026	0	0	0
Advances-Out	(189,258)	(187,937)	1,321	1,500	(51,112)	(52,612)
Refund of Prior Year Receipts	(90)	(90)	0	0	0	0
Pass Through Payments	0	0	0	(1,000)	(1,000)	0
Other Uses	(20)	0	20	(40,850)	(2,100)	38,750
Total Other Sources (Uses)	(436,740)	(213,403)	223,337	(37,656)	66,194	103,850
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(524,419)	(87,863)	436,556	(302,921)	57,627	360,548
Beginning Fund (Deficit) Balance	231,789	231,789	0	240,050	240,050	0
Prior Year Carry Over Encumbrances	79,484	79,484	0	33,073	33,073	0
Ending Fund (Deficit) Balance	\$ (213,146)	223,410	436,556	(29,798)	330,750	\$ 360,548

(Continued)

Westfall Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types - Continued
Year Ended June 30, 2001

	Debt Service Funds			Capital Project Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 451,356	451,356	0	0	0	\$ 0
Tuition	0	0	0	0	0	0
Earnings on Investment	8,353	8,353	0	405,921	405,921	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	67,003	67,003	0	5,109,800	5,109,800	0
State Restricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	526,712	526,712	0	5,515,721	5,515,721	0
Expenditures:						
Regular Instruction	0	0	0	85,397	47,560	37,837
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	250	250	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	10,000	9,697	303	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Act.	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Architecture & Engineering	0	0	0	12,321,389	1,759,329	10,562,060
Building Improvement	0	0	0	145,862	132,100	13,762
Repayment of Debt	645,871	458,118	187,753	0	0	0
Total Expenditures	655,871	467,815	188,056	12,552,898	1,939,239	10,613,659
Excess of Revenue Over (Under) Expenditures	(129,159)	58,897	188,056	(7,037,177)	3,576,482	10,613,659
Other Financing Sources (Uses):						
Proceeds from Sales of Notes	0	3,696	3,696	0	0	0
Transfer-In	0	0	0	100,000	7,025,761	6,925,761
Advances-In	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Transfer-Out	0	0	0	(6,928,312)	(6,928,312)	0
Advances-Out	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Pass Through Payments	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0
Total Other Sources (Uses)	0	3,696	3,696	(6,828,312)	97,449	6,925,761
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(129,159)	62,593	191,752	(13,865,489)	3,673,931	17,539,420
Beginning Fund (Deficit) Balance	126,127	126,127	0	6,949,207	6,949,207	0
Prior Year Carry Over Encumbrances	0	0	0	18,114	18,114	0
Ending Fund (Deficit) Balance	\$ (3,032)	188,720	191,752	(6,898,168)	10,641,252	\$ 17,539,420

(Continued)

Westfall Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types - Continued
Year Ended June 30, 2001

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	3,993,484	3,993,484	\$ 0
Tuition	71,032	71,032	0
Earnings on Investment	494,711	494,711	0
Extracurricular Activities	237,652	237,652	0
Classroom Materials & Fees	30,773	30,773	0
Miscellaneous	916,311	916,311	0
Revenue in Lieu of Taxes	8,489	8,489	0
State Unrestricted Grants-in-Aid	10,408,783	10,408,783	0
State Restricted Grants-in-Aid	220,539	220,539	0
Federal Restricted Grants-in-Aid	665,370	665,370	0
Total Revenue	<u>17,047,144</u>	<u>17,047,144</u>	<u>0</u>
Expenditures			
Regular Instruction	5,385,062	5,266,650	118,412
Special Instruction	943,180	932,830	10,350
Vocational Instruction	17,776	17,761	15
Support Services-Pupils	263,564	247,242	16,322
Support Services-Instructional Staff	771,289	715,335	55,954
Support Services-Board of Education	90,306	80,826	9,480
Support Services-Administration	1,080,714	1,034,653	46,061
Fiscal Services	385,321	276,594	108,727
Support Services-Business	89,575	86,742	2,833
Operation & Maintenance-Plant	1,042,792	1,012,716	30,076
Support Services-Transportation	884,396	843,261	41,135
Support Services-Central	96,749	70,113	26,636
Community Services	22,924	22,520	404
Academic & Subject Oriented	90,659	88,253	2,406
Occupation Oriented Act.	1,098	1,093	5
Sports Oriented	271,897	234,264	37,633
Co-Curricular Activities	16,000	14,392	1,608
Architecture & Engineering	12,321,389	1,759,329	10,562,060
Building Improvement	145,862	132,100	13,762
Repayment of Debt	645,871	458,118	187,753
Total Expenditures	<u>24,566,424</u>	<u>13,294,792</u>	<u>11,271,632</u>
Excess of Revenue Over (Under) Expenditures	(7,519,280)	3,752,352	11,271,632
Other Financing Sources (Uses)			
Proceeds from Sale of Notes	0	3,696	3,696
Transfer-In	100,594	7,287,570	7,186,976
Advances-In	111,012	146,849	35,837
Refund of Prior Year Expenditures	5,000	45,630	40,630
Transfer-Out	(7,289,596)	(7,287,570)	2,026
Advances-Out	187,758	239,049	(51,291)
Refund of Prior Year Receipts	(90)	(90)	0
Pass Through Payments	(1,000)	(1,000)	0
Other Uses	(40,870)	(2,100)	38,770
Total Other Sources (Uses)	<u>(7,302,708)</u>	<u>(46,064)</u>	<u>7,256,644</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(14,821,988)	3,706,288	18,528,276
Beginning Fund (Deficit) Balance	7,547,173	7,547,173	0
Prior Year Carry Over Encumbrances	130,671	130,671	0
Ending Fund (Deficit) Balance	<u>(7,144,144)</u>	<u>11,384,132</u>	<u>\$ 18,528,276</u>

See Accompanying Notes to the General Purpose Financial Statements

Westfall Local School District
Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
Year Ended June 30, 2001

	Enterprise Fund	Internal Service Fund	Totals (Memorandum) (Only)
Operating Revenues:			
Charges for Services	\$ 296,179	\$ 1,045,684	\$ 1,341,863
Total Operating Revenue	296,179	1,045,684	1,341,863
Operating Expenses:			
Personal Services - Salary	173,703	0	173,703
Employee Benefits	90,592	0	90,592
Purchased Services	863	953,704	954,567
Supplies and Materials	219,113	0	219,113
Depreciation	1,389	0	1,389
Total Operating Expenses	485,660	953,704	1,439,364
Operating Income (Loss)	(189,481)	91,980	(97,501)
Non-Operating Revenues:			
Miscellaneous	2,315	0	2,315
State Restricted Grants-In-Aid	7,147	0	7,147
Federal Unrestricted Grants-In-Aid	114,269	0	114,269
Federal Restricted Grants-In-Aid	25,248	0	25,248
Total Non-Operating Revenue	148,979	0	148,979
Non-Operating Expenses:			
Loss on Disposal of Assets	689	0	689
Total Non-Operating Expenses	689	0	689
Net Income/(Loss)	(41,191)	91,980	50,789
Beginning Retained Earnings	46,724	166,968	213,692
Retained Earnings at End of Year	\$ 5,533	258,948	\$ 264,481

See Accompanying Notes to the General Purpose Financial Statements

**Westfall Local School District
Statement of Cash Flows
All Proprietary Fund Types
Year Ended June 30, 2001**

	Enterprise Funds	Internal Service Fund	Totals (Memorandum) (Only)
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (189,481)	91,980	\$ (97,501)
Adjustment to Reconcile Operating Loss			
To Net Cash used in Operating Activities:			
Depreciation	1,389	0	1,389
Net (Increases) Decreases in Assets:			
Intergovernmental Receivables	704	(128,913)	(128,209)
Accounts Receivable	(1,459)	0	(1,459)
Inventory	(3,887)	0	(3,887)
Net Increases (Decreases) in Liabilities:			
Due to Other Funds	111	0	111
Intergovernmental Payables	8,950	0	8,950
Accrued Wages & Benefits	3,873	0	3,873
Deferred Revenue	2,492	0	2,492
Compensated Absences	(661)	0	(661)
Claims Payable	0	72,178	72,178
Net Adjustments	11,512	(56,735)	(45,223)
Net Cash Used in Operating Activities	(177,969)	35,245	(142,724)
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	2,315	0	2,315
Advances from Other Funds	93,000	0	93,000
Operating Grants from State Sources	7,147	0	7,147
Operating Grants from Federal Sources	114,269	0	114,269
Federal Commodities	25,248	0	25,248
Net Cash Provided by Noncapital Financing Sources	241,979	0	241,979
Net Increase/Decrease in Cash & Cash Equivalents	64,010	35,245	99,255
Cash and Cash Equivalents at Beginning of Year	991	62,229	63,220
Cash and Cash Equivalents at End of Year	<u>\$ 65,001</u>	<u>97,474</u>	<u>\$ 162,475</u>

See Accompanying Notes to General Purpose Financial Statements

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the district.

Average daily membership (ADM) as of October 1, 2000, was 1751. The District employed 117 certified employees and 67 non-certificated employees.

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

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

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

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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

B. Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (Continued)

Governmental Fund Types (Continued)

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

Proprietary Fund Types

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

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

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

Fiduciary Fund Types

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

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

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds (i.e., governmental funds only) because they do not affect expendable available financial resources. The following are the District's account groups:

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

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

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

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

D. Budget and Budgetary Accounting

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

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

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

Estimated Resources - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2001.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

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

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

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

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

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year all investments were limited to STAR Ohio, certificate of deposits, and repurchase agreements.

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2000-01. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company

Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

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

For the District, all investment earnings accrue to the General Fund, Special Revenue Funds, Debt Service Fund, Permanent Improvements Funds, Internal Service Funds, as authorized by board resolution. Interest income earned in fiscal year 2001 totaled \$79,685 for the General Fund, \$741 for the Special Revenue Fund, \$8,353 for the Debt Service Fund, and \$520,691 for the Capital Project Funds.

F. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

G. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenue

For governmental funds, intergovernmental revenues (nonexchange transactions) are recorded as receivables and revenues when all eligibility requirements have been met and the resources are available. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

Entitlements

General Fund

State Foundation Program
School Bus Funding Program

Special Revenue Funds

Education Management Information Systems

Non-Reimbursable Grants

Local Professional Development
Eisenhower Grant-Title II
Title VI-B
School Net Plus
Educationally Deprived Children-Local Educational Agencies-Title I
Data Communications
Technology Equity
Ohio Reads
Classroom Facilities
Safe School Help line
Drug Free Schools
Disadvantaged Pupils Program
Pre School Grant
Title VI-R
Venture Capital Grant
Goals 2000 Grant
Federal, State, and Local Partnerships for Educational Improvement -Title VI of ESEA
Miscellaneous State and Grants

Reimbursable Grants

General Fund

Driver Education Reimbursement
School Bus Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities
National School Breakfast Program

Grants and entitlements amounted to approximately 67.5% of the District's operating revenue during the 2001 fiscal year.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2001, the District had \$187,936 in interfund receivables/payables and \$164,837 in due from/to other funds.

J. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. The District had no long-term interfund loans at June 30, 2001.

K. Compensated Absences

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

Sick leave and other compensated absences with similar characteristics should be accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations should be reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future should be based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. This method is known as the vesting method.

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

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (continued)

In proprietary funds, compensated absences are expenses when earned. The entire amount of compensated absences is expensed when earned. The entire amount of compensated absences is reported as a fund liability.

L. Long-Term Obligations

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

M. Interfund Transactions

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

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

N. Fund Balance Reserves

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

O. Statement of Cash Flows

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Memorandum Only - Total Columns

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

2. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$ (275,606)	80,900	(4,384)	\$3,759,738
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue Accruals	375,039	(16,314)	66,743	(114,770)
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	(111,196)	6,216	234	28,963
Due to Other Sources/Uses	(76,100)	(13,175)	0	0
Budget Basis	\$ (87,863)	57,627	62,593	\$3,673,931

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

3. LEGAL COMPLIANCE-BUDGETS

Pursuant to Section 117.11(A) of the Revised Code, the Auditor of State performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate.

The following funds appropriations exceeded available resource by the amount noted:

Teacher Development	\$ 7,493
Net Professional Development Grant	8,000
Reads Only Grant	6,000
Extended Learning	16,150
Safe School Helpline	43,805
Eisenhower Grant	12,638
Title VI-B	139,821
Title 1	146,799
Title II	15,080
FCEC Drug Free Grant	15,135
Pre-School Grant	7,067
CIP Improvement	21,000
Darby CSRD	100,582
Misc Federal Grant	620,668
Total Special Revenue Funds	\$ 1,160,238
School Net Plus	62,580
Total Capital Project Fund	\$ 62,580
Total	\$ 1,222,818

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

3. LEGAL COMPLIANCE-BUDGETS, (Continued)

The following funds had expenditures in excess of appropriations in the amount indicated.

At January 31, 2001

Debt Service	\$ 275,029
Total Debt Service Fund	\$ 275,029
Principal Fund	27,484
Athletic Fund	82,133
Teenage Pregnancy Prevention	3,425
DPIA	16,610
School Net Professional Day	4,134
Leadership for Literacy	42,000
Eisenhower Grant	5,741
Title VI-B	39,966
Title I	88,672
Miscellaneous	221,624
Total Special Revenue Funds	\$ 531,789
Classroom Facilities	786,454
Capital Facilities	955,682
School Net	17,925
Total Capital Project Funds	\$ 1,760,061
Total	\$ 2,566,879

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

3. LEGAL COMPLIANCE-BUDGETS, (Continued)

At April 30,. 2001

Debt Service		457,728
Total Debt Service Fund	\$	457,728
Principal		36,547
Venture Capital		10,837
Athletic Fund		101,521
EMIS		2,934
Teen Pregnancy Prevention		9,798
DPIA		31,395
Total Special Revenue Funds	\$	193,032
Capital Facilities		281,639
Capital Facilities		1,065,806
Capital Projects		24,088
Total Capital Project Funds	\$	1,371,533
Food Service		20,353
Total Proprietary Fund	\$	20,353
Total	\$	2,042,646

Expenditures plus encumbrances exceeded approved appropriation, at January 31, 2001 and April 30, 2001. Amendments and supplementals to the original measure were executed between the January 31, 2001 and April 30, 2001, but were not approved by the Board of Education or the Budget Commission.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

4. CASH AND INVESTMENTS

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

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

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

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

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

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

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

4. CASH AND INVESTMENTS (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At year end, the District had \$2,113 in cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents."

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$6,760,477 and the bank balance was \$6,764,907. Of the balance, \$220,000 was covered by Federal Depository Insurance; and \$6,209,836 was collateralized by securities specifically pledged by the financial institution to the District; and \$335,071 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

4. CASH AND INVESTMENTS (Continued)

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent but not in the District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
STAR Ohio				\$ 5,678,545	\$ 5,678,545

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

Cash and Cash Equivalents with Fiscal Agents: Cash and Cash Equivalents with Fiscal Agents of \$68,563 in the internal service fund type represent monies held by the Ross County School Employees Insurance Consortium (the Consortium) as of June 30, 2001. The Consortium prepares an annual financial report following a basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. The report may be obtained by writing to the Ross County School Employees Insurance Consortium, 19463 Pherson Pike, Williamsport, Ohio 43164.

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 12,441,135	\$ 0
Investments:		
STAR Ohio	(5,678,545)	5,678,545
Cash on Hand	(2,113)	
GASB Statement No. 3	6,760,477	5,678,545

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

5. PROPERTY TAX

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. If paid annually, payment is due in February. If paid semi-annually, the first payment is due in February, with the remainder payable in July.

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

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

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

The full tax rate at the fiscal year ending June 30, 2001, for operations was \$35.20 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 2001 taxes were collected were as follows:

Real Property	\$ 114,486,990
Public Utility Personal Property	30,130,400
Tangible Personal Property	<u>3,394,810</u>
Total Assessed Value	<u><u>\$ 148,012,200</u></u>

6. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 4.2 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$219,216, \$198,852 and \$185,760 respectively; 44 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$122,914 representing the unpaid contribution for fiscal year 2001 including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That 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 are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$768,792, \$694,824 and \$595,416, respectively; 78 percent has been contributed for fiscal year 2001 including surcharge, and 100 percent for fiscal years 2000 and 1999. \$170,088 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

8. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$247,112 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to 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 basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$167,451.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 49,000 participants receiving health care benefits.

9. COMPENSATED ABSENCES

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

9. COMPENSATED ABSENCES (Continued)

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

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

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

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

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

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

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

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

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

10. INTERFUND TRANSACTIONS

At June 30, 2001, the District had short-term interfund receivables and payables resulting from goods provided or services rendered which are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Due From/to Other Funds:

	Due From	Due To
General Fund	\$ 0	\$ 154,267
Special Revenue Funds	0	10,448
Capital Project Funds	0	3
Enterprise Funds	0	119
Agency Funds	164,837	0
Total	<u>\$ 164,837</u>	<u>\$ 164,837</u>

Interfund Receivables/Payables:

	Receivable	Payables
General Fund	\$ 187,936	\$ 0
Special Revenue Funds	0	37,936
Enterprise Funds	0	150,000
Total	<u>\$ 187,936</u>	<u>\$ 187,936</u>

11. CONTINGENCIES

A. Grants

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

12. GENERAL LONG-TERM DEBT

A summary of changes in long-term obligations for the year ended June 30, 2001, are as follows:

	Balance			Balance
	July 1, 2000	Additions	Deletions	June 30, 2001
Intergovernmental Payables	\$ 78,284	78,314	78,284	\$ 78,314
Bonds Payable	6,505,731	0	100,000	6,405,731
Compensated Absences Payable	822,311	17,316	0	839,627
Total General Long-Term Debt	<u>\$ 7,406,326</u>	<u>95,630</u>	<u>178,284</u>	<u>\$ 7,323,672</u>

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

12. GENERAL LONG-TERM DEBT (Continued)

General Obligation Bonds: The \$6,405,731 of outstanding general obligation bonds relate to a project starting in 2000 for which bonds were issued for the purpose of constructing and equipping an elementary school and improving the site thereof at an interest rate of 5.88%. These bonds mature December 2022, and are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

The annual maturities of the general obligation bonds as of June 30, 2001, and related interest payments are as follows:

	Principal	Interest	Payment
FY2002	\$ 130,000	354,820	\$ 484,820
FY2003	135,000	348,580	483,580
FY2004	190,000	341,830	531,830
FY2005	200,000	332,140	532,140
FY2006 and thereafter	5,750,731	4,112,257	9,862,988
	<u>\$ 6,405,731</u>	<u>5,489,627</u>	<u>\$ 11,895,358</u>

13. FIXED ASSETS

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2001:

Furniture and Equipment	\$ 244,968
Less Accumulated Depreciation	<u>(136,071)</u>
Net Fixed Assets	<u>\$ 108,897</u>

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

Equipment	8-20 years
Furniture	20 years
Vehicles	10 years

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

13. FIXED ASSETS (Continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001:

	General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
Land and Improvements	\$ 125,500	0	0	\$ 125,500
Buildings	3,244,821	0	0	3,244,821
Improvements Other than Buildings	52,643	0	0	52,643
Furniture and Equipment	3,165,833	102,728	264,502	3,004,059
Construction In Progress	0	1,811,735	0	1,811,735
Vehicles	1,405,960	123,460	0	1,529,420
Total General Fixed Assets	<u>\$ 7,994,757</u>	<u>2,037,925</u>	<u>264,502</u>	<u>\$ 9,768,178</u>

14. RISK MANAGEMENT

A. General Risk

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

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

The District maintains replacement cost insurance on buildings and contents in the amount of \$23,577,500. Other property insurance includes \$143,900 for musical instruments, related equipment and accessories, \$1,358 for camera, film and related equipment and accessories, and \$369,051 for data processing equipment and related media.

The District participates in the Workers' Compensation Program provided by the State of Ohio. The District participates in a Workers' Compensation pool through the Ohio School Board Association for rating program. A savings of \$26,856 was realized on the annual premium cost in 2001.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

14. RISK MANAGEMENT (Continued)

B. Health Self Insurance

In July, 1994, the District joined the Ross County School Employees Insurance Consortium (RCSEIC) to self insure its medical claims. RCSEIC currently includes 16 member school districts. Premiums are determined by the Consortium's board of directors and are remitted to them from the individual participating Districts monthly, who then pays all incurred claims.

Professional Risk Management, Inc., a third party administrator, services all health/medical claims submitted by the participants. A stop-loss insurance policy covers individual claims in excess of \$65,000 and aggregate claims in excess of \$280.50 per month, per employee consortium wide.

The District established a self insurance fund for the purpose of tracking the premium payments made to the fiscal agent. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Expenses for claims are recorded as purchase services when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for unpaid claims is based on documentation obtained by the insurance carrier. A summary of changes in self-insurance claims for the year ended June 30, 2001, follows:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
FY 1999	\$ 70,510	588,506	(570,592)	<u>\$ 88,424</u>
FY 2000	\$ 88,424	788,303	(732,500)	<u>\$ 144,227</u>
FY 2001	\$ 144,227	953,704	(881,526)	<u>\$ 216,405</u>

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

General Fund	\$ 878,566
Special Revenue	13,176
Enterprise Funds	<u>67,555</u>
Total Contributed by Funds	959,297
Employee Contributions	86,387
Total Contributions	<u>\$ 1,045,684</u>

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

15. JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Council (MEC) - MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent.

The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provided computer services to the District. During 2001, the District paid \$33,403.78 to MEC.

16. SEGMENTS OF ENTERPRISE ACTIVITIES

Key financial data for the District's Enterprise Fund for the year ended June 30, 2001, is as follows:

	Lunchroom Fund
Operating Revenues	\$ 296,179
Operating Expenses:	
Depreciation	1,389
Other Expenses	484,271
Total Operating Expenses	485,660
Operating Income (loss)	(189,481)
Non Operating Revenues and Expenses:	
Operating Grants	146,664
Other Net	1,626
Net Income (loss)	\$ (41,191)
Net Working Capital	\$ (92,901)
Total Assets	\$ 208,040
Total Fund Equity and Cash with Fiscal Agent	\$ 65,001

17. 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:

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

17. SCHOOL FUNDING DECISION (Continued)

- 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 the date of this report, 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 reexamine 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 reconsideration will have on its future State funding and on its financial operations.

18. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. Ohio Rev. Code Section 5705.29 has repealed the budget reserve. The budget reserve is comprised of two parts: the Bureau of Workers Compensation (BWC) refund/rebate and reserves established under Ohio Rev. Code Section 5705.29. The BWC refund/rebate is still restricted in its use. This amount is not reflected as a reserve on the balance sheet. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization
Set aside Cash Balance as of June 30, 2000	\$ 0	0	\$ 193,258
Current Year Set-Aside Requirement	252,316	252,316	0
Current Year Offsets (HB 345)	0	0	(193,258)
Qualifying Disbursements	<u>(268,366)</u>	<u>(263,319)</u>	
Total	<u><u>(16,050)</u></u>	<u><u>(11,003)</u></u>	<u><u>0</u></u>

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

18. STATUTORY RESERVES (Continued)

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

19. FUND DEFICITS

The following funds had deficit balances at June 30, 2001:

General Fund	\$ (276,121)
DPIA Fund	\$ (8,066)
Title I	\$ (20,933)
Drug Free Grant	\$ (1,678)
Title VI-R	\$ (7,789)
Other Grants	\$ (3,544)

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

20. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, which changes how the District report certain types of revenues. The implementation of these pronouncements resulted in no change to the prior year's ending fund balances/retained earnings.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass-Through Grantor/ Program Grant Title	Federal CFDA Number	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Distribution (See Note "B")	10.550			\$ 27,741		\$26,207
National School Breakfast Program	10.553	05-PU 00/01	\$11,840	-	\$11,840	-
National School Lunch Program	10.555	04-PU 00/01	103,107	-	103,107	-
Total U.S. Department of Agriculture			114,947	27,741	114,947	26,207
<u>U.S. Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
Title I	84.010	C1-S1 00/01	180,311	-	181,284	-
Drug Free Federal Subsidy	84.186	DR-S1 01	4,207	-	6,865	-
Goals 2000	84.276	G2-S2 01	70,000	-	64,800	-
Eisenhower Professional Development	84.281	MS-S1 01	11,890	-	10,089	-
Innovative Education Program	84.298	C2-S1 01	3,004	-	8,539	-
School Reform Demonstration Grant	84.332	SRD-S1 01	29,430	-	100,096	-
Reading Excellence Act Grant	84.338	ER-S1 01	294,953	-	273,461	-
Title VI R	84.340	CR-S1 01	11,425	-	26,892	-
<i>Special Education Cluster:</i>						
Title VI B	84.027	6B-SF 01 P	61,561	-	67,884	-
Handicapped Pre-School Grant	84.173	PG-S1 01 P	7,057	-	6,962	-
Total Special Education Cluster			68,618	-	74,846	-
Total U.S. Department of Education			673,638	-	746,846	-
Total Federal Award Assistance			\$788,785	\$27,741	\$ 861,819	\$26,207

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statements.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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OFFICE OF THE AUDITOR

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

Westfall Local School District
Pickaway County
19463 Pherson Pike
Williamsport, Ohio 43164-9745

To: Board of Education

We have audited the general-purpose financial statements of the Westfall Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 15, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-10665-001 through 2001-10665-003. We also noted other instances of noncompliance that we have reported to management of the District in a separate letter dated November 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 15, 2001.

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

JIM PETRO
Auditor of State

November 15, 2001



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

Westfall Local School District
Pickaway County
19463 Pherson Pike
Williamsport, Ohio 43164-9745

To: Board of Education

Compliance

We have audited the compliance of the Westfall Local School District, Pickaway County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 15, 2001

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

JIM PETRO
Auditor of State

November 15, 2001

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001
(Continued)**

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

Finding Number	2001-10665-001
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Appropriations Exceeding Estimated Revenue

Ohio Rev. Code Section 5705.39 states that appropriations from each fund should not exceed the total estimated resources.

The following District funds' appropriations exceeded estimated resources, as indicated:

Fund	Estimated Resources	Appropriated Amount	Amount Exceeded
Teacher Development	9,757	17,250	7,493
Net Professional Development Grant	0	8,000	8,000
Reads Only Grant	0	6,000	6,000
Extended Learning	0	16,150	16,150
Safe School Helpline	0	43,805	43,805
Eisenhower Grant	3,004	15,642	12,638
Title VI-B	11,621	151,442	139,821
Title 1	1,978	148,777	146,799
Title II	7,014	22,094	15,080
FCEC Drug Free Grant	2,179	17,314	15,135
Pre-School Grant	6,962	14,029	7,067
CIP Improvement	0	21,000	21,000
Darby CSRD	62,500	163,082	100,582
Misc Federal Grant	47,344	668,012	620,668
Total Special Revenue Funds	152,359	1,312,597	1,160,238
School Net Plus	21,658	84,458	62,580
Total Capital Project Fund	21,658	84,458	62,580
Total	174,017	1,397,055	1,222,818

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001
(Continued)

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

Finding Number, (Continued)	2001-10665-001
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Appropriations Exceeding Estimated Revenue (Continued)

We recommend the District limit appropriations by the total estimated resources available to comply with Ohio Rev. Code Section 5705.39.

Finding Number	2001-10665-002
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Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated.

The following tables list the fund in which expenditures and encumbrances exceeded current appropriations and prior year carry over appropriations at various times throughout the year:

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001
(Continued)

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

Finding Number (Continued)	2001-10665-002
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At January 31, 2001 :

Fund Title	Current Year Appropriations plus Prior Year Carryover	Expenditures	Expenditures Exceeding Appropriations
Debt Service	10,000	285,026	275,029
Total Debt Service Fund	\$10,000	\$285,029	\$275,029
Principal Fund	23,815	51,299	27,484
Athletic Fund	69,936	152,069	82,133
Teenage Pregnancy Prevention	3,728	7,153	3,425
DPIA	14,760	31,370	16,610
School Net Professional Day	0	4,134	4,134
Leadership for Literacy	0	42,000	42,000
Eisenhower Grant	4,204	9,945	5,741
Title VI-B	11,621	51,587	39,966
Title I	0	88,672	88,672
Miscellaneous	20,986	242,610	221,624
Total Special Revenue Funds	\$149,050	\$680,839	\$531,789
Classroom Facilities	6,423,497	7,209,951	786,454
Capital Facilities	0	955,682	955,682
School Net	23,147	41,072	17,925
Total Capital Project Funds	\$6,446,644	\$8,206,705	\$1,760,061
Total	\$6,605,694	\$9,172,573	\$2,566,879

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001
(Continued)

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

Finding Number, (Continued)	2001-10665-002
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At April 30, 2001:

Fund Title	Current Year Appropriations plus Prior Year Carryover	Expenditures	Expenditures Exceeding Appropriations
Debt Service	10,000	467,728	457,728
Total Debt Service Fund	\$10,000	\$467,728	\$457,728
Principal	23,815	60,362	36,547
Venture Capital	19,709	30,546	10,837
Athletic Fund	69,936	171,457	101,521
EMIS	1,581	4,515	2,934
Teen Pregnancy Prevention	3,728	13,526	9,798
DPIA	14,760	46,155	31,395
Total Special Revenue Funds	\$133,529	\$326,561	\$193,032
Capital Facilities	6,928,312	7,209,951	281,639
Capital Facilities		1,065,806	1,065,806
Capital Projects	100,000	124,088	24,088
Total Capital Project Funds	\$7,028,312	\$8,399,845	\$1,371,533
Food Service	392,531	412,884	20,353
Total Proprietary Fund	\$392,531	\$412,884	\$20,353
Total	\$7,564,372	\$9,607,018	\$2,042,646

The Treasurer should deny payment request exceeding appropriations. The Treasurer may request the Board approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001
(Continued)

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

Finding Number	2001-10665-003
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Budget Amendments and Supplemental Appropriations

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

The District's original appropriation was enacted with the prior approval of the Board of Education and the County Budget Commission, as required under Ohio Rev. Code Section 5705.38. The District had several amendments and supplements to the original appropriation measure enacted. However, these amendments and supplements were not approved by the Board of Education. The budgetary presentation in the audited financial statements reflects only the appropriation measure the Board adopted.

3. FINDINGS RELATED AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2001

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Status	Not Corrected Explanation/Re- issued Finding Number
2000.10665.001	Ohio Rev. Code Section 5705.40: The District did not approve supplemental and amendments to the original budget in the manner the original appropriation measure was made.	Not Corrected	Re-issued as 2001.10665.003



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WESTFALL LOCAL SCHOOL DISTRICT

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2002**