



**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

We have audited the accompanying general purpose financial statements of the Marysville Exempted Village School District, Union County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

JIM PETRO
Auditor of State

December 7, 2000

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$1,938,039	\$486,742	\$1,856,721	\$2,773,506
Investments	1,992,778	0	0	12,301,367
Receivables (net of allowance for doubtful accounts):				
Taxes	16,194,240	0	2,145,267	2,340,393
Accounts	58,849	0	0	0
Intergovernmental	38,308	189,601	0	0
Interest	3,118	0	0	0
Interfund Loan Receivable	580,165	0	0	0
Due from Other Funds	0	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	32,414	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	474,919	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$21,312,830	\$676,343	\$4,001,988	\$17,415,266
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$56,475	\$10,571	\$0	\$1,172,347
Accrued Wages and Benefits	1,401,332	35,968	0	0
Interfund Loan Payable	0	491,271	0	0
Intergovernmental Payables	455,944	12,238	0	0
Due to Other Funds	1,570	0	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	14,344
Deferred Revenue - Taxes	15,243,040	0	2,012,667	2,185,593
Deferred Revenue	0	0	0	0
Claims Payable	0	0	0	0
Early Retirement Incentive Payable	90,000	0	0	0
General Obligation Note Payable	0	0	0	3,400,000
General Obligation Bonds Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Installment Loans Payable	0	0	0	0
Total Liabilities	17,248,361	550,048	2,012,667	6,772,284
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings - Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	283,067	48,695	0	3,585,842
Reserved for Property Tax	951,200	0	132,600	154,800
Statutory Reserves	474,919	0	0	0
Reserved for Prepaid Items	32,414	0	0	0
Reserved for Debt Service	0	0	1,856,721	0
Unreserved:				
Undesignated	2,322,869	77,600	0	6,902,340
Total Equity and Other Credits	4,064,469	126,295	1,989,321	10,642,982
Total Liabilities, Equity and Other Credits	\$21,312,830	\$676,343	\$4,001,988	\$17,415,266

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$78,580	\$896,409	\$44,633	\$0	\$0	\$8,074,630
0	0	0	0	0	14,294,145
0	0	0	0	0	20,679,900
68	0	0	0	0	58,917
21,969	0	0	0	0	249,878
0	0	0	0	0	3,118
0	0	0	0	0	580,165
1,570	0	0	0	0	1,570
16,387	0	0	0	0	16,387
0	0	0	0	0	32,414
0	0	0	0	0	474,919
222,420	0	0	37,417,440	0	37,639,860
0	0	0	0	1,856,721	1,856,721
0	0	0	0	30,185,829	30,185,829
<u>\$340,994</u>	<u>\$896,409</u>	<u>\$44,633</u>	<u>\$37,417,440</u>	<u>\$32,042,550</u>	<u>\$114,148,453</u>
\$7,296	\$0	\$60	\$0	\$0	\$1,246,749
26,793	0	0	0	0	1,464,093
88,894	0	0	0	0	580,165
66,991	0	0	0	147,478	682,651
0	0	0	0	0	1,570
0	0	26,856	0	0	26,856
0	0	3,227	0	0	3,227
0	0	0	0	0	14,344
0	0	0	0	0	19,441,300
7,579	0	0	0	0	7,579
0	274,770	0	0	0	274,770
0	0	0	0	15,000	105,000
0	0	0	0	0	3,400,000
0	0	0	0	28,663,759	28,663,759
45,275	0	0	0	2,080,354	2,125,629
0	0	0	0	325,959	325,959
0	0	0	0	810,000	810,000
<u>242,828</u>	<u>274,770</u>	<u>30,143</u>	<u>0</u>	<u>32,042,550</u>	<u>59,173,651</u>
0	0	0	37,417,440	0	37,417,440
113,359	0	0	0	0	113,359
(15,193)	621,639	0	0	0	606,446
0	0	0	0	0	3,917,604
0	0	0	0	0	1,238,600
0	0	0	0	0	474,919
0	0	0	0	0	32,414
0	0	0	0	0	1,856,721
0	0	14,490	0	0	9,317,299
<u>98,166</u>	<u>621,639</u>	<u>14,490</u>	<u>37,417,440</u>	<u>0</u>	<u>54,974,802</u>
<u>\$340,994</u>	<u>\$896,409</u>	<u>\$44,633</u>	<u>\$37,417,440</u>	<u>\$32,042,550</u>	<u>\$114,148,453</u>

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expensible Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$16,816,207	\$0	\$2,072,355	\$2,411,408	\$0	\$21,299,970
Tuition	17,170	10,943	0	0	0	28,113
Transportation Fees	6,809	0	0	0	0	6,809
Investment Earnings	563,390	0	0	1,147,128	0	1,710,518
Extracurricular Activities	0	241,069	0	0	0	241,069
Class Material and Fees	67,724	0	0	0	0	67,724
Intergovernmental - State	7,069,763	202,138	148,321	301,548	0	7,721,770
Intergovernmental - Federal	14,019	537,547	0	0	0	551,566
All Other Revenues	120,813	57,368	0	0	3,152	181,333
Total Revenues	24,675,895	1,049,065	2,220,676	3,860,084	3,152	31,808,872
Expenditures:						
Current:						
Instruction	14,085,562	516,077	0	691,738	0	15,293,377
Supporting Services:						
Pupils	1,064,948	64,837	0	0	0	1,129,785
Instructional Staff	994,575	89,628	0	0	0	1,084,203
Board of Education	220,064	0	0	0	0	220,064
Administration	2,272,541	87,469	0	0	0	2,360,010
Fiscal Services	541,095	0	34,601	40,324	0	616,020
Business	71,285	0	0	0	0	71,285
Operation and Maintenance of Plant	2,329,786	0	0	901,288	0	3,231,074
Pupil Transportation	1,391,139	808	0	267,784	0	1,659,731
Central	0	15,812	0	0	2,071	17,883
Community Services	0	151,172	0	164,993	2,750	318,915
Extracurricular Activities	484,172	227,063	0	0	0	711,235
Other Expenditures	1,210	0	0	0	0	1,210
Capital Outlay	0	0	0	7,264,381	0	7,264,381
Debt Service:						
Principal Retirement	0	0	1,115,000	0	0	1,115,000
Interest and Fiscal Charges	0	0	936,356	625,758	0	1,562,114
Total Expenditures	23,456,377	1,152,866	2,085,957	9,956,266	4,821	36,656,287
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,219,518	(103,801)	134,719	(6,096,182)	(1,669)	(4,847,415)
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds	0	0	0	15,713,951	0	15,713,951
Refunds of Prior Years' Expenditures (Receipts)	145,065	(2,755)	0	0	0	142,310
Operating Transfers In	0	3,481	277,939	0	0	281,420
Operating Transfers Out	(228,019)	0	0	(53,401)	0	(281,420)
Other Financing Sources - Capital Lease	295,550	0	0	0	0	295,550
Total Other Financing Sources (Uses)	212,596	726	277,939	15,660,550	0	16,151,811
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,432,114	(103,075)	412,658	9,564,368	(1,669)	11,304,396
Fund Balance Beginning of Year	2,632,355	229,370	1,576,663	1,078,614	16,159	5,533,161
Fund Balance End of Year	<u>\$4,064,469</u>	<u>\$126,295</u>	<u>\$1,989,321</u>	<u>\$10,642,982</u>	<u>\$14,490</u>	<u>\$16,837,557</u>

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$16,574,607	\$16,574,607	\$0	\$0	\$0	\$0
Tuition	18,460	18,460	0	10,943	10,943	0
Transportation Fees	6,809	6,809	0	0	0	0
Investment Earnings	541,926	541,926	0	0	0	0
Extracurricular Activities	0	0	0	291,352	241,749	(49,603)
Class Material and Fees	68,395	68,395	0	0	0	0
Intergovernmental - State	7,018,213	7,069,763	51,550	213,640	202,138	(11,502)
Intergovernmental - Federal	14,019	14,019	0	748,789	347,946	(400,843)
All Other Revenues	126,629	126,629	0	84,193	57,972	(26,221)
Total Revenues	<u>24,369,058</u>	<u>24,420,608</u>	<u>51,550</u>	<u>1,348,917</u>	<u>860,748</u>	<u>(488,169)</u>
Expenditures:						
Current:						
Instruction	14,289,511	14,289,511	0	711,453	548,563	162,890
Supporting Services:						
Pupils	1,081,338	1,081,338	0	114,510	69,338	45,172
Instructional Staff	1,031,293	1,031,293	0	152,784	93,697	59,087
Board of Education	253,388	253,388	0	0	0	0
Administration	2,248,775	2,248,775	0	90,156	88,294	1,862
Fiscal Services	538,787	538,787	0	0	0	0
Business	75,513	75,513	0	0	0	0
Operation and Maintenance of Plant	2,521,865	2,521,865	0	0	0	0
Pupil Transportation	1,141,215	1,141,215	0	16,542	808	15,734
Central	0	0	0	49,377	17,886	31,491
Community Services	0	0	0	200,361	165,781	34,580
Extracurricular Activities	483,710	483,710	0	442,889	264,869	178,020
Capital Outlay	1,210	1,210	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>23,666,605</u>	<u>23,666,605</u>	<u>0</u>	<u>1,778,072</u>	<u>1,249,236</u>	<u>528,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	702,453	754,003	51,550	(429,155)	(388,488)	40,667
Other Financing Sources (Uses):						
Proceeds from Sale of Notes	0	0	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Refunds of Prior Years' Expenditures (Receipts)	53,146	53,146	0	(2,755)	(2,755)	0
Operating Transfers In	0	0	0	2,500	3,481	981
Operating Transfers Out	(228,019)	(228,019)	0	0	0	0
Advances In	39,950	39,950	0	18,207	421,818	403,611
Advances Out	(488,794)	(488,794)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(623,717)</u>	<u>(623,717)</u>	<u>0</u>	<u>17,952</u>	<u>422,544</u>	<u>404,592</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	78,736	130,286	51,550	(411,203)	34,056	445,259
Fund Balance at Beginning of Year	3,355,675	3,355,675	0	338,770	338,770	0
Prior Year Encumbrances	561,627	561,627	0	55,930	55,930	0
Fund Balance at End of Year	<u>\$3,996,038</u>	<u>\$4,047,588</u>	<u>\$51,550</u>	<u>(\$16,503)</u>	<u>\$428,756</u>	<u>\$445,259</u>

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

(Continued)

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$2,011,123	\$1,939,755	(\$71,368)	\$2,363,935	\$2,361,608	(\$2,327)
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Investment Earnings	0	0	0	1,140,844	849,770	(291,074)
Extracurricular Activities	0	0	0	0	0	0
Class Material and Fees	0	0	0	0	0	0
Intergovernmental - State	149,843	148,321	(1,522)	301,548	301,548	0
Intergovernmental - Federal	0	0	0	0	0	0
All Other Revenues	0	0	0	0	0	0
Total Revenues	2,160,966	2,088,076	(72,890)	3,806,327	3,512,926	(293,401)
Expenditures:						
Current:						
Instruction	0	0	0	1,484,377	1,135,836	348,541
Supporting Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal Services	37,302	34,601	2,701	40,324	40,324	0
Business	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	1,153,676	987,818	165,858
Pupil Transportation	0	0	0	269,750	267,784	1,966
Central	0	0	0	0	0	0
Community Services	0	0	0	172,435	164,993	7,442
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	18,545,093	10,340,916	8,204,177
Debt Service:						
Principal Retirement	19,515,000	19,515,000	0	0	0	0
Interest and Fiscal Charges	1,596,917	1,596,906	11	0	0	0
Total Expenditures	21,149,219	21,146,507	2,712	21,665,655	12,937,671	8,727,984
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,988,253)	(19,058,431)	(70,178)	(17,859,328)	(9,424,745)	8,434,583
Other Financing Sources (Uses):						
Proceeds from Sale of Notes	3,400,000	3,400,000	0	745,000	0	(745,000)
Proceeds from Sale of Bonds	15,713,951	15,713,951	0	0	0	0
Refunds of Prior Years' Expenditures (Receipts)	0	0	0	0	0	0
Operating Transfers In	224,538	224,538	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	19,338,489	19,338,489	0	745,000	0	(745,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	350,236	280,058	(70,178)	(17,114,328)	(9,424,745)	7,689,583
Fund Balance at Beginning of Year	1,576,663	1,576,663	0	19,025,897	19,025,897	0
Prior Year Encumbrances	0	0	0	399,136	399,136	0
Fund Balance at End of Year	\$1,926,899	\$1,856,721	(\$70,178)	\$2,310,705	\$10,000,288	\$7,689,583

(Continued)

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

<i>Totals (Memorandum Only)</i>			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Local Sources:			
Taxes	\$20,949,665	\$20,875,970	(\$73,695)
Tuition	29,403	29,403	0
Transportation Fees	6,809	6,809	0
Investment Earnings	1,682,770	1,391,696	(291,074)
Extracurricular Activities	291,352	241,749	(49,603)
Class Material and Fees	68,395	68,395	0
Intergovernmental - State	7,683,244	7,721,770	38,526
Intergovernmental - Federal	762,808	361,965	(400,843)
All Other Revenues	210,822	184,601	(26,221)
Total Revenues	<u>31,685,268</u>	<u>30,882,358</u>	<u>(802,910)</u>
Expenditures:			
Current:			
Instruction	16,485,341	15,973,910	511,431
Supporting Services:			
Pupils	1,195,848	1,150,676	45,172
Instructional Staff	1,184,077	1,124,990	59,087
Board of Education	253,388	253,388	0
Administration	2,338,931	2,337,069	1,862
Fiscal Services	616,413	613,712	2,701
Business	75,513	75,513	0
Operation and Maintenance of Plant	3,675,541	3,509,683	165,858
Pupil Transportation	1,427,507	1,409,807	17,700
Central	49,377	17,886	31,491
Community Services	372,796	330,774	42,022
Extracurricular Activities	926,599	748,579	178,020
Capital Outlay	18,546,303	10,342,126	8,204,177
Debt Service:			
Principal Retirement	19,515,000	19,515,000	0
Interest and Fiscal Charges	1,596,917	1,596,906	11
Total Expenditures	<u>68,259,551</u>	<u>59,000,019</u>	<u>9,259,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,574,283)	(28,117,661)	8,456,622
Other Financing Sources (Uses):			
Proceeds from Sale of Notes	4,145,000	3,400,000	(745,000)
Proceeds from Sale of Bonds	15,713,951	15,713,951	0
Refunds of Prior Years' Expenditures (Receipts)	50,391	50,391	0
Operating Transfers In	227,038	228,019	981
Operating Transfers Out	(228,019)	(228,019)	0
Advances In	58,157	461,768	403,611
Advances Out	(488,794)	(488,794)	0
Total Other Financing Sources (Uses)	<u>19,477,724</u>	<u>19,137,316</u>	<u>(340,408)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(17,096,559)	(8,980,345)	8,116,214
Fund Balance at Beginning of Year	24,297,005	24,297,005	0
Prior Year Encumbrances	1,016,693	1,016,693	0
Fund Balance at End of Year	<u>\$8,217,139</u>	<u>\$16,333,353</u>	<u>\$8,116,214</u>

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Tuition and Fees	\$375,157	\$0	\$375,157
Sales	731,176	0	731,176
Charges for Service	0	2,055,938	2,055,938
Other Operating Revenues	11,662	0	11,662
Total Operating Revenues	<u>1,117,995</u>	<u>2,055,938</u>	<u>3,173,933</u>
<u>Operating Expenses:</u>			
Salaries and Wages	531,048	0	531,048
Fringe Benefits	173,492	0	173,492
Contractual Services	32,871	197,245	230,116
Materials and Supplies	611,863	0	611,863
Insurance Expense	0	2,103,100	2,103,100
Depreciation	23,376	0	23,376
Other Operating Expenses	12,518	0	12,518
Total Operating Expenses	<u>1,385,168</u>	<u>2,300,345</u>	<u>3,685,513</u>
Operating Loss	(267,173)	(244,407)	(511,580)
<u>Non-Operating Revenues:</u>			
Operating Grants	160,845	0	160,845
Federally Donated Commodities	57,349	0	57,349
Investment Earnings	1,140	0	1,140
Total Non-Operating Revenues	<u>219,334</u>	<u>0</u>	<u>219,334</u>
Net Loss	(47,839)	(244,407)	(292,246)
Retained Earnings at Beginning of Year	<u>32,646</u>	<u>866,046</u>	<u>898,692</u>
Retained Earnings (Deficit) at End of Year	<u>(\$15,193)</u>	<u>\$621,639</u>	<u>\$606,446</u>

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$743,065	\$0	\$743,065
Cash Received from Tuition and Fee Payments	375,499	0	375,499
Cash Received from Interfund Charges	0	2,055,938	2,055,938
Cash Payments for Goods and Services	(602,269)	(197,976)	(800,245)
Cash Payments to Employees for Services and Benefits	(705,203)	(1,967,699)	(2,672,902)
Net Cash Used for Operating Activities	<u>(188,908)</u>	<u>(109,737)</u>	<u>(298,645)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Receipt of Interfund Loan Proceeds	66,976	0	66,976
Repayment of Interfund Loans	(39,950)	0	(39,950)
Operating Grants Received	162,050	0	162,050
Net Cash Provided by Noncapital Financing Activities	<u>189,076</u>	<u>0</u>	<u>189,076</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(14,548)	0	(14,548)
Net Cash Used by Capital and Related Financing Activities	<u>(14,548)</u>	<u>0</u>	<u>(14,548)</u>
Net Decrease in Cash and Cash Equivalents	(14,380)	(109,737)	(124,117)
Cash and Cash Equivalents at Beginning of Year	92,960	1,006,146	1,099,106
Cash and Cash Equivalents at End of Year	<u>\$78,580</u>	<u>\$896,409</u>	<u>\$974,989</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>			
Operating Loss	(\$267,173)	(\$244,407)	(\$511,580)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation Expense	23,376	0	23,376
Donated Commodities Used During the Year	57,349	0	57,349
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	569	0	569
Decrease in Inventory	7,458	0	7,458
Decrease in Accounts Payable	(3,005)	(731)	(3,736)
Decrease in Accrued Wages and Benefits	(1,095)	0	(1,095)
Decrease in Intergovernmental Payables	(4,076)	0	(4,076)
Decrease in Deferred Revenue	(6,229)	0	(6,229)
Increase in Claims Payable	0	135,401	135,401
Increase in Compensated Absences	3,918	0	3,918
Total Adjustments	<u>78,265</u>	<u>134,670</u>	<u>212,935</u>
Net Cash Used for Operating Activities	<u>(\$188,908)</u>	<u>(\$109,737)</u>	<u>(\$298,645)</u>

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Marysville Exempted Village School District, Ohio (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 governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 169 noncertified and approximately 266 certified teaching personnel and administrative employees providing education to 4,005 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types and account groups are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's governmental fund types:

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

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

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

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

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body 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.

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund and agency funds. The expendable trust fund is accounted for and reported similarly to a governmental fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the District except those accounted for in the proprietary fund.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2000, and which are not intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$1,432,114	(\$103,075)	\$412,658	\$9,564,368
Increase (Decrease):				
Accrued Revenues at June 30, 2000, received during FY 2001	(1,631,640)	(189,601)	(132,600)	(154,800)
Accrued Revenues at June 30, 1999, received during FY 2000	856,045	1,284	0	105,000
Accrued Expenditures at June 30, 2000, paid during FY 2001	2,005,321	550,048	0	1,186,691
Accrued Expenditures at June 30, 1999, paid during FY 2000	(2,172,508)	(166,614)	0	(70,457)
FY 1999 Prepays for FY 2000	31,516	0	0	0
FY 2000 Prepays for FY 2001	(32,414)	0	0	0
Proceeds of Notes	0	0	0	3,400,000
Note Retirements	0	0	0	(18,400,000)
Adjustment to Fair Value	(21,595)	0	0	(297,358)
Encumbrances Outstanding	(336,553)	(57,986)	0	(4,758,189)
Budget Basis	<u>\$130,286</u>	<u>\$34,056</u>	<u>\$280,058</u>	<u>(\$9,424,745)</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, investments with original maturities of three months or less and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 3, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its investments at fair value, except for nonparticipating investment contracts (repurchase agreements) and money market investments that had a remaining maturity of one year or less at the time of purchase, which are reported at cost or amortized cost. Interest assigned to the general fund from other funds was \$160,000.

The District has invested funds in the STAR Ohio during 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000. See Note 3, "Cash, Cash Equivalents and Investments."

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

Estimated historical costs for general fixed asset values were initially determined by utilizing the services of Industrial Appraisal Associates or by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The District has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Machinery, Equipment, Furniture and Fixtures	8-20

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund
Installment Loans Payable	General Obligation Bond Retirement Fund
Intergovernmental Payable	General Fund, Auxiliary Services Fund, Food Services Fund and Day Care Fund
Compensated Absences	General Fund, Food Services Fund and Day Care Fund
Early Retirement Incentive Payable	General Fund
Capital Leases Payable	General Fund, Capital Improvement Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 248 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Operating Transfers In” by the recipient fund, and “Operating Transfers Out” by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers made during the fiscal year.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish reserves for textbooks, capital acquisition, and budget stabilization. This reserve is required by state statute.

N. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, debt service, statutory requirements, and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under the GAAP basis, but not available for appropriations under state statute.

O. Total Columns on Combined Financial Statements

Total columns on the “Combined Financial Statement” are captioned “Memorandum Only” to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2000 of \$149,541 in the Title VI-B Special Education Fund, \$8,202 in the Title I Fund, \$17,828 in the Drug Free Grant Fund, and \$24,743 in the Pacesetter Grant Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The fund deficits at June 30, 2000 of \$56,516 in the Food Service Fund and \$7,098 in the Uniform School Supplies Fund (enterprise funds) arose from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. These deficits do not exist under the cash basis of accounting.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in

GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3. The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

A. Deposits

At year end the carrying amount of the District's deposits was of \$1,511,260 and the bank balance was \$2,009,025. The Federal Deposit Insurance Corporation (FDIC) covered \$200,000 of the bank balance and all remaining deposits were classified as Category 3.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2000 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Federal Agency Securities	\$14,294,145	\$0	\$14,294,145
Repurchase Agreements	0	7,024,000	7,024,000
Total Categorized Investments	14,294,145	7,024,000	21,318,145
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	14,289
Total Investments	<u>\$14,294,145</u>	<u>\$7,024,000</u>	<u>\$21,332,434</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$8,549,549	\$14,294,145
Repurchase Agreements	(7,024,000)	7,024,000
STAR Ohio	(14,289)	14,289
Per GASB Statement No. 3	<u>\$1,511,260</u>	<u>\$21,332,434</u>

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2000 were levied in April 1999 on assessed values as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1998. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

NOTE 4 - PROPERTY TAXES (Continued)

Public utility real and tangible 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. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Marysville Exempted Village School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2000, upon which the 1999 levies were based, were as follows:

	Assessed Values for Collection in:	
	1999 Second Half	2000 First Half
Agricultural/Residential and Other Real Estate	\$323,985,950	\$348,567,880
Public Utility Personal	47,344,370	47,727,460
Tangible Personal Property	134,402,490	155,676,750
Total Assessed Value	<u>\$505,732,810</u>	<u>\$551,972,090</u>
Tax rate per \$1,000 of assessed valuation	\$47.56	\$47.56

NOTE 5 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, and intergovernmental receivables.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds at June 30, 2000:

A. Interfund Loans Receivable/Payable

	Interfund Loans Receivables	Interfund Loans Payables
General Fund	\$580,165	\$0
Special Revenue Funds:		
Auxiliary Services Fund	0	2,503
Title VI-B Fund	0	162,901
Grant One Fund	0	15,460
Chapter I Fund	0	232,536
Drug Free Grant Fund	0	17,015
Pacesetter Grant Fund	0	60,856
Total Special Revenue Funds	0	491,271
Enterprise Funds:		
Food Service Fund	0	80,280
Uniform School Supplies Fund	0	8,614
Total Enterprise Funds	0	88,894
Totals	<u>\$580,165</u>	<u>\$580,165</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (Continued)

B. Due to/from Other Funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$0	\$1,570
Enterprise Fund:		
Food Service Fund	1,570	0
Totals	<u>\$1,570</u>	<u>\$1,570</u>

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for fiscal year 2000:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$228,019
Special Revenue Funds:		
Public School Support Fund	981	0
District Managed Student Activity Fund	<u>2,500</u>	<u>0</u>
Totals Special Revenue Funds	3,481	0
Bond Retirement Fund	277,939	0
Capital Projects Fund:		
Building Fund	<u>0</u>	<u>53,401</u>
Total All Funds	<u>\$281,420</u>	<u>\$281,420</u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 2000:

<u>Class</u>	<u>June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2000</u>
Land	\$185,434	\$45,000	\$0	\$230,434
Buildings	26,081,557	0	0	26,081,557
Machinery and Equipment	2,063,264	555,744	0	2,619,008
Vehicles	832,378	269,500	(52,802)	1,049,076
Construction In Progress	<u>232,768</u>	<u>7,204,597</u>	<u>0</u>	<u>7,437,365</u>
Totals	<u>\$29,395,401</u>	<u>\$8,074,841</u>	<u>(\$52,802)</u>	<u>\$37,417,440</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 2000:

<u>Category</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Machinery and Equipment	<u>\$453,689</u>	<u>(\$231,269)</u>	<u>\$222,420</u>
Total Property, Plant and Equipment	<u>\$453,689</u>	<u>(\$231,269)</u>	<u>\$222,420</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2000, 5.5% was allocated to fund the pension benefit and 8.5% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$460,080, \$411,276, and \$323,022, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 8.5%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2000, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$327,131.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 51,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available) were \$126,380,984 and the target level was \$189.6 million. Net assets available for payment of benefits at June 30, 1999 was \$188.0 million.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2000, 6% was allocated to fund the pension benefit and 8% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$1,765,272, \$1,584,288, and \$1,373,388, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 2% of covered payroll, to a Health Care Reserve Fund. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund, which amounted to \$1,008,727 for the District. The balance of the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

NOTE 10 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2000, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation and Personal</u>	<u>Total</u>
Liability	\$1,861,515	\$218,839	\$2,080,354

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 11 - NOTES PAYABLE

Notes Payable activity of the District for the year ended June 30, 2000, was as follows:

Note Payable		Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Bond Anticipation Note 3.69%		\$18,400,000	\$0	(\$18,400,000)	\$0
Bond Anticipation Note 5.31%		0	3,400,000	0	3,400,000
		\$18,400,000	\$3,400,000	(\$18,400,000)	\$3,400,000

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the bonds, installment loan, intergovernmental payable, compensated absences, early retirement incentive, and capital leases of the District for the year ended June 30, 2000 is as follows:

		Balance June 30, 1999	Issued (Retired)	Balance June 30, 2000
General Long-Term Debt:				
(General Obligation Bonds)				
Fiscal Agent Library	7.00%	\$300,000	(\$100,000)	\$200,000
New High School	7.13%	6,564,999	(805,000)	5,759,999
New Elementary Additions	5.79%	7,739,538	(35,000)	7,704,538
Fifth/Sixth Elementary	5.79%	0	14,999,222	14,999,222
Total General Obligation Bonds		14,604,537	14,059,222	28,663,759
(Installment Loans)				
Energy Conservation Project	4.95%	865,000	(155,000)	710,000
Energy Conservation Project	5.60%	120,000	(20,000)	100,000
Total Installment Loans		985,000	(175,000)	810,000
Total General Long-Term Debt		15,589,537	13,884,222	29,473,759
Other General Long-Term Obligations:				
Intergovernmental Payable		140,935	6,543	147,478
Compensated Absences		1,899,478	180,876	2,080,354
Early Retirement Incentive Payable		0	15,000	15,000
Capital Leases Payable		206,975	295,550	
			(176,566)	325,959
Total Other General Long-Term Obligations		2,247,388	321,403	2,568,791
Total General Long-Term Debt and Other General Long-Term Obligations		\$17,836,925	\$14,205,625	\$32,042,550

Library improvement bonds were issued to assist the Marysville Library Board in expansion of the library facility since the Library Board has no separate legal debt authority under Ohio law. These bonds are serviced by a separate voter-approved tax levy to meet principal and interest requirements. The revenue for this levy is recorded in the General Obligation Bond Retirement Fund.

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2000, follows:

Years	General Obligation Bonds		Installment Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$945,000	\$1,455,448	\$190,000	\$40,745	\$1,135,000	\$1,496,193
2002	950,000	1,401,831	200,000	31,178	1,150,000	1,433,009
2003	855,000	1,357,300	205,000	21,115	1,060,000	1,378,415
2004	915,000	1,313,675	215,000	10,805	1,130,000	1,324,480
2005	960,000	1,266,636	0	0	960,000	1,266,636
2006-2010	3,529,999	7,954,534	0	0	3,529,999	7,954,534
2011-2015	2,327,492	9,795,313	0	0	2,327,492	9,795,313
2016-2030	18,181,268	12,394,349	0	0	18,181,268	12,394,349
Totals	<u>\$28,663,759</u>	<u>\$36,939,086</u>	<u>\$810,000</u>	<u>\$103,843</u>	<u>\$29,473,759</u>	<u>\$37,042,929</u>

B. Defeased Debt

In December 1993, the District defeased \$6,165,000 of General Obligation Bonds for the High School Building, dated April 1, 1990, through the issuance of \$6,084,999 of General Obligation Bonds for the High School Building. The net proceeds of the 1993 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$6,165,000 at June 30, 2000, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - CAPITALIZED LEASES

The District leases several pieces of equipment and vehicles (3 copiers, computer equipment and 9 school buses) under capital leases. The cost of the equipment obtained under capital leases is included in the General Fixed Assets Account Group and the related liability included in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2000:

Year Ending June 30,	Capital Leases
2001	\$188,529
2002	126,319
2003	31,748
2004	6,641
2005	4,006
Minimum Lease Payments	357,243
Less: Amount representing interest at the District's incremental borrowing rate of interest	(31,284)
Present Value of minimum lease payments	<u>\$325,959</u>

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales, Special Services and a Day Care program. The key financial information for the year ended June 30, 2000 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Special Services Rotary	Day Care	Total
Operating Revenues	\$731,176	\$90,724	\$11,662	\$284,433	\$1,117,995
Depreciation Expense	21,855	0	0	1,521	23,376
Operating Income (Loss)	(286,732)	(7,973)	2,359	25,173	(267,173)
Net Income (Loss)	(67,398)	(7,973)	2,359	25,173	(47,839)
Operating Grants	160,845	0	0	0	160,845
Federally Donated Commodities	57,349	0	0	0	57,349
Property, Plant and Equipment:					
Additions	11,523	0	0	3,025	14,548
Total Assets	257,038	2,213	9,930	71,813	340,994
Net Working Capital	(115,208)	(7,098)	8,865	34,462	(78,979)
Total Equity	56,843	(7,098)	8,865	39,556	98,166

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2000 the District contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Nationwide Insurance Company	Automobile	\$100
Cincinnati Insurance Company	Property	\$1,000
Nationwide Insurance Company	General Liability	\$0

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The District provides group health, dental and vision benefits to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, E-V Benefits, Inc., which monitors all claim payments. Excess loss coverage, becomes effective after \$60,000 per year per specific claim. There is a lifetime maximum coverage per person of \$2,000,000.

NOTE 15 - RISK MANAGEMENT (Continued)

The claims liability of \$274,770 reported in the fund at June 30, 2000 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2000 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
1999	\$139,452	\$1,614,252	(\$1,614,335)	\$139,369
2000	139,369	2,103,100	(1,967,699)	274,770

NOTE 16 - CONTRIBUTED CAPITAL

There were no changes to contributed capital during the year. Contributed capital balances as of year end were as follows:

	<u>Food Service Fund</u>
Contributed Capital at June 30, 2000	<u>\$113,359</u>

NOTE 17 – STATUTORY RESERVES

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

	<u>Textbook Reserve</u>	<u>Capital Acquisition Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$272,954	\$272,954
Current Year Set-Aside Requirement	551,950	551,950	201,965	1,305,865
Qualifying Disbursements	(696,931)	(1,684,950)	0	(2,381,881)
Total	<u>(\$144,981)</u>	<u>(\$1,133,000)</u>	<u>\$474,919</u>	<u>(\$803,062)</u>
Cash Balance Carried Forward to FY 2001	<u>\$0</u>	<u>\$0</u>	<u>\$474,919</u>	<u>\$474,919</u>
Amount Restricted for Budget Stabilization				<u>\$474,919</u>
Total Restricted Assets				<u>\$474,919</u>

NOTE 18 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

B. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,880,607 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program. The Court decided to maintain jurisdiction over these issues and continue the case at least until June 15, 2001. As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

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**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

Federal Grantor; PASS-THROUGH GRANTOR; Program Title	Pass-Through Grantor Number	Federal CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Dept. of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	045476	10.550	\$0	\$52,171	\$0	\$57,349
National School Lunch	045476-03/04 - PU-1999/2000	10.555	154,582	-	154,582	-
Total U.S. Dept. of Agriculture - Child Nutrition Cluster			154,582	52,171	154,582	57,349
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Dept. of Education</i>						
Special Education Grants to States	045476-6B-SF- 1999/2000	84.027	234,270	-	205,501	-
Special Education - Preschool Grants	045476-PG- S1-2000	84.173	5,268	-	5,268	-
Total Special Education Cluster			239,538	-	210,769	-
Title I, Grants to Local Educational Agencies	045476-C1-S1- 1999/2000	84.010	315,191	-	256,563	-
Vocational Education - Basic Grants to States	045476-20-A5- 2000	84.048	68,930	-	49,558	-
Safe and Drug Free Schools - and Communities	045476-DR- S1-2000	84.186	18,282	-	18,644	-
Goals 2000 - State and Local Education Systemic Improvement	045476-G2- S2/S8/SP- 1999/2000	84.276	3,000	-	14,571	-

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

Federal Grantor; PASS-THROUGH GRANTOR; Program Title	Pass-Through Grantor Number	Federal CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Eisenhower Professional Development Grant	045476-MS-S1-1999/2000	84.281	17,536	-	27,570	-
Innovative Education Program Strategies	045476-C2-S1-1999/2000	84.298	22,812	-	7,665	-
Reading Excellence Grant	045476-RN-S2-2000	84.338	15,844	-	8,912	-
Title VI-R Class-Size Reduction	045476-CR-S1-2000	84.340	65,632	-	48,875	-
			-	-	-	-
Total Dept. of Education			766,764	-	643,127	-
 Corporation for National and Community Service						
Learn and Serve America	04576-SV-S2-2000	99.004	3,000	-	-	-
Total Federal Assistance			\$924,346	\$52,171	\$797,709	\$57,349

See Accompanying Notes to this Schedule.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS
RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as 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, 2000, the District had no significant food commodities in inventory.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

We have audited the financial statements of Marysville Exempted Village School District, Union County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-10659-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 7, 2000.

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

JIM PETRO
Auditor of State

December 7, 2000



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

Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

We have audited the compliance of Marysville Exempted Village School District, Union 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 is applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

Compliance

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

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

Internal Control Over Compliance

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

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

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

JIM PETRO
Auditor of State

December 7, 2000

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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

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 (GAGAS)?	No
Un(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(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 (list):	Title 1 - CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

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

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

Finding # 2000-10659-001

Third Party Administrator SAS 70 Report

The District utilizes a service organization to process claims payment transactions for its self insurance program. The District's service organization is EV Benefits Incorporated. EV Benefits serves as a third party administrator to process accounting transactions on the District's behalf.

When a government has delegated an accounting function to an outside organization (service organization), Statements on Auditing Standards #70 (SAS 70) imposes certain additional audit requirements.

Service organization's auditors can prepare a "SAS 70 Report" which should include a report on the design of controls or a report on the design and operating effectiveness of controls and an opinion rendered on such.

The District did not obtain a SAS 70 report on EV Benefits.

We recommend the District require in all future contracts, that EV Benefits provide to the District a yearly SAS 70 report which renders an opinion on the design and operating effectiveness of internal controls over claims processing at EV Benefits.

3. FINDINGS FOR FEDERAL AWARDS

None



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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

UNION 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 02, 2001**