



**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

West Muskingum Local School District
Muskingum County
4880 West Pike
Zanesville, Ohio 43701

To the Board of Education:

We have audited the accompanying general purpose financial statements of the West Muskingum Local School District, Muskingum County, Ohio (the School 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 School 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 West Muskingum Local School District, Muskingum County, 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 a report dated December 18, 2000 on our consideration of the School 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 *Governmental 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 School 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 18, 2000

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WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,785,564	\$289,451	\$1,817	\$379,077
Receivables:				
Accounts	20,489	874		
Intergovernmental	7,900	98,063		
Accrued Interest	20,489			
Interfund Receivable	60,000			
Property and Other Local Taxes	4,507,412			
Inventory Held for Resale	0			
Materials and Supplies Inventory	35,808			
Prepaid Items	4,315			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	283,594			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$6,725,571</u>	<u>\$388,388</u>	<u>\$1,817</u>	<u>\$379,077</u>
 Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$37,824	\$27,555		\$33,469
Accrued Wages	833,435	66,942		2,100
Compensated Absences	58,619			
Interfund Payable		25,000		
Intergovernmental Payable	181,614	10,312		107
Deferred Revenue	2,990,332			
Due to Students				
Accrued Interest Payable	438			
Claims Payable				
Capital Leases Payable				
Energy Conservation Loan Payable	168,000			
Early Retirement Incentive Payable	26,000			
Total Liabilities	<u>4,296,262</u>	<u>129,809</u>	<u>0</u>	<u>35,676</u>
 Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings, Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	349,354	70,794		41,581
Reserved for Unclaimed Monies	1,071			
Reserved for Inventory	35,808			
Reserved for Property Taxes	1,517,080			
Reserved for Budget Stabilization	139,380			
Reserved for Bus Purchases	144,214			
Desingated for Budget Reserve	50,193			
Unreserved, Undesignated	192,209	187,785	1,817	301,820
Total Fund Equity and Other Credits	<u>2,429,309</u>	<u>258,579</u>	<u>1,817</u>	<u>343,401</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$6,725,571</u>	<u>\$388,388</u>	<u>\$1,817</u>	<u>\$379,077</u>

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$128,455	\$415,522	\$52,569	\$0	\$0	\$3,052,455
					21,363
					105,963
					20,489
					60,000
					4,507,412
29,181					29,181
1,180					36,988
230					4,545
					283,594
84,892			8,204,682		8,289,574
				1,173,967	1,173,967
<u>\$243,938</u>	<u>\$415,522</u>	<u>\$52,569</u>	<u>\$8,204,682</u>	<u>\$1,173,967</u>	<u>\$17,585,531</u>
\$4,963					\$103,811
31,297					933,774
9,259				772,376	840,254
35,000					60,000
19,096				69,560	280,689
26,827					3,017,159
		51,310			51,310
					438
	232,475				232,475
				318,031	318,031
					168,000
				14,000	40,000
<u>126,442</u>	<u>232,475</u>	<u>51,310</u>	<u>0</u>	<u>1,173,967</u>	<u>6,045,941</u>
			8,204,682		8,204,682
7,646					7,646
109,850	183,047				292,897
					461,729
					1,071
					35,808
					1,517,080
					139,380
					144,214
					50,193
		1,259			684,890
<u>117,496</u>	<u>183,047</u>	<u>1,259</u>	<u>8,204,682</u>	<u>0</u>	<u>11,539,590</u>
<u>\$243,938</u>	<u>\$415,522</u>	<u>\$52,569</u>	<u>\$8,204,682</u>	<u>\$1,173,967</u>	<u>\$17,585,531</u>

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TURST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:				
Intergovernmental	\$4,413,877	\$707,222	\$0	\$0
Interest	193,080			
Tuition and Fees	17,448			
Rent	885			
Extracurricular Activities		126,049		
Gifts and Donations	3,967	1,402		
Property & Other Local taxes	4,589,561			
Miscellaneous	135,878	4,600		
Total Revenues	9,354,696	839,273	0	0
Expenditures:				
Current:				
Instruction:				
Regular	4,445,507	109,862		71,866
Special	637,985	213,144		
Vocational	257,718			
Support Services:				
Pupils	180,175	5,406		
Instructional Staff	436,919	363,213		
Board of Education	15,223			
Administration	883,741	64,389		
Fiscal	210,687			
Operation and Maintenance of Plant	1,030,112	15,649		33,561
Pupil Transportation	622,118	2,755		
Central	28,282			
Operation of Non-Instructional Services		6,651		
Extracurricular Activities	120,410	76,628		
Capital Outlay	4,824			
Debt Service:				
Principal Retirement	41,650			
Interest and Fiscal Charges	26,438			
Total Expenditures	8,941,789	857,697	0	105,427
Excess of Revenues Over (Under) Expenditures	412,907	(18,424)	0	(105,427)
Other Financing Sources (Uses):				
Operating Transfers In				145,337
Sale of Fixed Assets	8,331			
Inception of Capital Lease				
Operating Transfers Out	(148,708)			
Total Other Financing Sources (Uses)	(140,377)	0	0	145,337
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	272,530	(18,424)		39,910
Fund Balances at Beginning of Year	2,126,339	277,004	1,817	303,491
Increase in Reserve for Inventory	30,441			
Fund Balances at End of Year	<u>\$2,429,310</u>	<u>\$258,580</u>	<u>\$1,817</u>	<u>\$343,401</u>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	
Expendable Trust	Totals (Memorandum Only)
\$0	\$5,121,099
	193,080
	17,448
	885
	126,049
2,000	7,369
	4,589,561
	140,478
2,000	10,195,969
2,000	4,629,235
	851,129
	257,718
	185,581
	800,132
	15,223
	948,130
	210,687
	1,079,322
	624,873
	28,282
	6,651
	197,038
	4,824
	41,650
	26,438
2,000	9,906,913
0	289,056
	145,337
	8,331
	0
	(148,708)
0	4,960
	294,016
1,258	2,709,909
	30,441
\$1,258	\$3,034,366

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL(BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>General Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$4,526,471	\$4,508,217	(\$18,254)
Intergovernmental	4,343,773	4,405,977	62,204
Interest	140,000	162,255	22,255
Tuition and Fees	30,000	34,741	4,741
Rent		2,084	2,084
Extracurricular Activities			
Gifts and Donations		3,967	3,967
Miscellaneous	50,000	90,695	40,695
Total Revenues	9,090,244	9,207,936	117,692
Expenditures:			
Instruction:			
Regular	4,487,280	4,551,665	(64,385)
Special	668,728	630,755	37,973
Vocational	263,305	262,868	437
Support Services:			
Pupils	188,347	174,189	14,158
Instructional Staff	491,366	468,020	23,346
Board of Education	18,655	14,095	4,560
Administration	908,714	900,564	8,150
Fiscal	225,536	214,490	11,046
Operation and Maintenance of Plant	1,031,347	1,150,829	(119,482)
Pupil Transportation	630,572	660,314	(29,742)
Central	26,275	29,182	(2,907)
Operation of Non-Instructional Services			0
Extracurricular Activities	123,013	120,334	2,679
Capital Outlay	5,000	4,824	176
Debt Service:			
Principal Retirement	41,650	41,650	
Interest and Fiscal Charges	13,970	13,970	
Total Expenditures	9,123,758	9,237,749	(113,991)
Excess of Revenues Over (Under) Expenditures	(33,514)	(29,813)	3,701
Other Financing Sources (Uses):			
Operating Transfers In	2,000	0	(2,000)
Proceeds from Sale of Fixed Assets	2,000	8,331	6,331
Refund of Prior Year Expenditures	5,000	2,766	(2,234)
Advances In	2,000	2,000	
Other Financing Sources	37,000	42,417	5,417
Operating Transfers Out	(300,000)	(148,708)	151,292
Advances Out	0	(35,000)	(35,000)
Total Other Financing Sources (Uses)	(252,000)	(128,194)	123,806
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(285,514)	(158,007)	127,507
Fund Balances at Beginning of Year	1,630,792	1,630,792	
Prior Year Encumbrances Appropriated	209,087	209,087	
Fund Balances (Deficit) at End of Year	\$1,554,365	\$1,681,872	\$127,507

See accompanying notes to the general purpose financial statements.

<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$0	\$0	\$0	\$99,750	\$99,750	
781,723	620,574	(161,149)			
161,000	126,049	(34,951)			
2,000	1,402	(598)			
0					
944,723	748,025	(196,698)	99,750	99,750	0
181,827	134,091	47,736			
402,692	231,073	171,619			
1,512		1,512			
5,406	5,406				
445,601	374,731	70,870			
101,715	70,852	30,863			
36,738	15,649	21,089			
2,754	2,754				
12,037	6,651	5,386			
101,300	81,768	19,532			
			85,817	84,000	1,817
			15,750	15,750	
1,291,582	922,975	368,607	101,567	99,750	1,817
(346,859)	(174,950)	171,909	(1,817)		1,817
46,227		(46,227)			
7,000	25,000	25,000			
	4,600	(2,400)			
53,227	29,600	(23,627)			0
(293,632)	(145,350)	148,282	(1,817)		1,817
278,096	278,096		1,817	1,817	
58,289	58,289				
\$42,753	\$191,035	\$148,282	\$0	\$1,817	\$1,817

WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Revised Budget</u>	<u>Capital Projects Funds Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$0	\$0	\$0
Intergovernmental	200,000		(200,000)
Interest			
Rentals			
Tuition and Fees			
Extracurricular Activities			
Gifts and Donations			
Miscellaneous			
Total Revenues	<u>200,000</u>	<u>0</u>	<u>(200,000)</u>
Expenditures:			
Instruction:			
Regular	430,723	72,467	358,256
Special			
Vocational			
Support Services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Operation and Maintenance of Plant	175,051	74,617	100,434
Pupil Transportation			
Central			
Operation of Non-Instructional Services			
Extracurricular Activities			
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>605,774</u>	<u>147,084</u>	<u>458,690</u>
Excess of Revenues Over (Under) Expenditures	(405,774)	(147,084)	258,690
Other Financing Sources (Uses):			
Operating Transfers In	100,000	145,337	45,337
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In			
Other Financing Sources			
Operating Transfers Out			
Advances Out			
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>145,337</u>	<u>45,337</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(305,774)	(1,747)	304,027
Fund Balances at Beginning of Year	302,636	302,636	
Prior Year Encumbrances Appropriated	3,138	3,138	
Fund Balances (Deficit) at End of Year	<u><u>\$0</u></u>	<u><u>\$304,027</u></u>	<u><u>\$304,027</u></u>

<u>Expendable Trust Fund</u>			<u>Totals (Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$0	\$0	\$0	\$4,626,221	\$4,607,967	(\$18,254)
			5,325,496	5,026,551	(298,945)
			140,000	162,255	22,255
			30,000	34,741	4,741
			0	2,084	2,084
			161,000	126,049	(34,951)
2,000	2,000		4,000	7,369	3,369
			50,000	90,695	40,695
2,000	2,000	0	10,336,717	10,057,711	(279,006)
2,000	2,000		5,101,830	4,760,223	341,607
			1,071,420	861,828	209,592
			264,817	262,868	1,949
			193,753	179,595	14,158
			936,967	842,751	94,216
			18,655	14,095	4,560
			1,010,429	971,416	39,013
			225,536	214,490	11,046
			1,243,136	1,241,095	2,041
			633,326	663,068	(29,742)
			26,275	29,182	(2,907)
			12,037	6,651	5,386
			224,313	202,102	22,211
			5,000	4,824	176
			127,467	125,650	1,817
			29,720	29,720	
2,000	2,000	0	11,124,681	10,409,558	715,123
			(787,964)	(351,847)	436,117
			148,227	145,337	(2,890)
			2,000	8,331	6,331
			5,000	2,766	(2,234)
			2,000	27,000	25,000
			44,000	47,017	3,017
			(300,000)	(148,708)	151,292
			0	(35,000)	(35,000)
0	0	0	(98,773)	46,743	145,516
			(886,737)	(305,104)	581,633
1,259	1,259		2,214,600	2,214,600	
			270,514	270,514	
\$1,259	\$1,259	\$0	\$1,598,377	\$2,180,010	\$581,633

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Sales	\$341,631	\$0	\$341,631
Charges for Services		793,375	793,375
Total Operating Revenues	341,631	793,375	1,135,006
Operating Expenses:			
Salaries	144,664		144,664
Fringe Benefits	78,774		78,774
Purchased Services	4,238	158,641	162,879
Materials and Supplies	61,417		61,417
Cost of Sales	186,193		186,193
Depreciation	9,233		9,233
Claims		755,257	755,257
Other Operating Expenses	355		355
Total Operating Expenses	484,874	913,898	1,398,772
Operating Income (Loss)	(143,243)	(120,523)	(263,766)
Non-Operating Revenues:			
Federal Donated Commodities	23,936		23,936
Interest	1,476		1,476
Federal and State Subsidies	98,523		98,523
Total Non-Operating Revenues	123,935	0	123,935
Income (Loss) Before Operating Transfers	(19,308)	(120,523)	(139,831)
Operating Transfers In	3,370		3,370
Net Income (Loss)	(15,938)	(120,523)	(136,461)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	125,788	303,569	429,357
Retained Earnings/Fund Balance (Deficit) at End of Year	109,850	183,046	292,896
Contributed Capital at Beginning and End of Year	2,822		2,822
Capital Contributions During the Year	4,824		4,824
Contributed Capital at End of Year	7,646	0	7,646
Total Fund Equity at End of Year	\$117,496	\$183,046	\$300,542

See accompanying notes to the general purpose financial statements.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$342,722	\$0	\$342,722
Cash Received from Quasi-External Transactions with Other Funds		793,375	793,375
Cash Payments to Suppliers for Goods and Services	(222,408)	(158,641)	(381,049)
Cash Payments to Employees for Services	(149,293)		(149,293)
Cash Payments for Employee Benefits	(70,898)		(70,898)
Cash Payments for Claims		(775,674)	(775,674)
Cash Payments for Other Operating Expenses	(355)		(355)
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	(100,232)	(140,940)	(241,172)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	115,568		115,568
Operating Transfers In	3,371		3,371
Advances In	10,000		10,000
Advances Out	(2,000)		(2,000)
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	126,939	0	126,939
Cash Flows from Investing Activities:			
Interest on Investments	1,476		1,476
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Investing Activities	1,476	0	1,476
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	28,183	(140,940)	(112,757)
Cash and Cash Equivalents at Beginning of Year	100,272	556,461	656,733
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	<u>\$128,455</u>	<u>\$415,521</u>	<u>\$543,976</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	(\$143,244)	(\$120,523)	(\$263,767)
	<hr/>	<hr/>	<hr/>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	9,233		9,233
Donated Commodities Used During Year	23,936		23,936
Changes in Assets and Liabilities:			
(Increase) Decrease in Assets:			
Decrease in Accounts Receivable	1,090		1,090
Decrease in Inventory Held for Resale	792		792
Decrease in Materials and Supplies Inventory	70		70
Increase (Decrease) in Liabilities:			
Increase in Compensated Absences Payable	1,132		1,132
Decrease in Claims Payable		(20,417)	(20,417)
Decrease in Intergovernmental Payable	(28)		(28)
Increase in Accounts Payable	4,642		4,642
Increase in Accrued Wages and Benefits	2,145		2,145
	<hr/>	<hr/>	<hr/>
Total Adjustments	43,012	(20,417)	22,595
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	<u>(\$100,232)</u>	<u>(\$140,940)</u>	<u>(\$241,172)</u>

See accompanying notes to the general purpose financial statements.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Revised Budget</u>	<u>Enterprise Funds Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Sales	\$447,800	\$342,721	(\$105,079)
Charges for Services			
Other Operating Revenues			
Total Revenues	<u>447,800</u>	<u>342,721</u>	<u>(105,079)</u>
Expenses:			
Salaries	189,000	149,293	39,707
Fringe Benefits	69,500	70,898	(1,398)
Purchased Services	9,212	5,367	3,845
Materials and Supplies	303,075	237,314	65,761
Other	600	355	245
Capital Outlay	4,000	555	3,445
Total Expenses	<u>575,387</u>	<u>463,782</u>	<u>111,605</u>
Excess of Revenues Over (Under) Expenses	(127,587)	(121,061)	6,526
Non-Operating Revenues and Expenses			
Interest	1,200	1,476	276
Federal and State Subsidies	126,000	115,568	(10,432)
Advances In		10,000	10,000
Advances Out	(2,000)	(2,000)	
Total Non-Operating Revenues and Expenses	<u>125,200</u>	<u>125,044</u>	<u>(156)</u>
Excess of Revenues Over (Under) Expenses and Other Non-Operating Revenues and Expenses	(2,387)	3,983	6,370
Operating Transfers-In	2,000	3,370	1,370
Excess of Revenues Over (Under) Expenses, Advances and Transfers	(387)	7,353	7,740
Fund Equity at Beginning of Year	90,985	90,985	
Prior Year Encumbrances Appropriated	9,287	9,287	
Fund Equity at End of Year	<u><u>\$99,885</u></u>	<u><u>\$107,625</u></u>	<u><u>\$7,740</u></u>

See accompanying notes to the general purpose financial statements.

<u>Internal Service Fund</u>			<u>Totals (Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$0	\$0	\$0	\$447,800	\$342,721	(\$105,079)
793,375	793,375		793,375	793,375	
6,625		(6,625)	6,625		(6,625)
<u>800,000</u>	<u>793,375</u>	<u>(6,625)</u>	<u>1,247,800</u>	<u>1,136,096</u>	<u>(111,704)</u>
			189,000	149,293	39,707
			69,500	70,898	(1,398)
1,000,000	934,315	65,685	1,009,212	939,682	69,530
			303,075	237,314	65,761
			600	355	245
			4,000	555	3,445
<u>1,000,000</u>	<u>934,315</u>	<u>65,685</u>	<u>1,575,387</u>	<u>1,398,097</u>	<u>177,290</u>
(200,000)	(140,940)	59,060	(327,587)	(262,001)	65,586
			1,200	1,476	276
			126,000	115,568	(10,432)
				10,000	10,000
			<u>(2,000)</u>	<u>(2,000)</u>	
<u>0</u>	<u>0</u>	<u>0</u>	<u>125,200</u>	<u>125,044</u>	<u>(156)</u>
(200,000)	(140,940)	59,060	(202,387)	(136,957)	65,430
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>3,370</u>	<u>1,370</u>
(200,000)	(140,940)	59,060	(200,387)	(133,587)	66,800
556,461	556,461		647,446	647,446	
			9,287	9,287	
<u>\$356,461</u>	<u>\$415,521</u>	<u>\$59,060</u>	<u>\$456,346</u>	<u>\$523,146</u>	<u>\$66,800</u>

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The West Muskingum Local School District (the "School District") was organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio.

The West Muskingum Local School District was formed in 1960 and operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. The Board controls the School District's five instructional facilities staffed by 67 non-certificated, 114 certificated teaching personnel, and 9 administrators, who provide services to approximately 1,826 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The School District utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The financial reporting entity consists of a) the primary government, b) component units which are legally separate organizations which are fiscally dependent on the School District or for which the School District is financially accountable, and c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No separate governmental units meet the criteria for inclusion as a component unit.

West Muskingum Local School District provides more than instruction to its students. These additional services include student guidance, extra-curricular activities, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. The School District operations form the oversight unit and are included as part of the reporting entity.

The following have been excluded:

Muskingum County Educational Service Center
East Central Ohio - Special Education Regional Resource Center (ECO-SERRC)
Boosters, Athletic, Band, and Twisters; Academic Fund; Parent Teacher Organizations and
Home and School Leagues

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

The School District is involved with the Mid-East Ohio Vocational School District and the Licking Area Computer Association which are defined as jointly governed organizations; and the Ohio School Boards Association Workers' Compensation Rating Plan, which is defined as a group insurance purchasing pool. Additional information concerning the jointly governed organizations and the group insurance purchasing pool are presented in Note 17 and 18.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The School 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 School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

GOVERNMENTAL FUND TYPES:

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

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

PROPRIETARY FUND TYPES:

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

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

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

FIDUCIARY FUND TYPES:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Expendable Trust Fund - This fund is accounted for in essentially the same manner as governmental funds.

ACCOUNT GROUPS:

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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 operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year end.

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations 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. 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. Allocations 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 type. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in and Advances out are not required to be budgeted since they represent temporary cash flow resources and are intended to be repaid.

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 Muskingum County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, 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 School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures for all other funds, 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 expenses of the School 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.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETARY PROCESS (Continued)

Appropriations: (Continued)

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does 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 and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

E. CASH AND CASH EQUIVALENTS

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

During fiscal year 2000, investments were limited to certificates of deposits and interest bearing demand accounts.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$193,080, which includes \$67,192 assigned from other School District funds.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS (Continued)

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

F. INVENTORY

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. Inventory in governmental funds consists of expendable supplies held for consumption.

The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund types when used. Reported inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and supplies.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. FIXED ASSETS AND DEPRECIATION

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost for land and buildings for which historical cost records were not available) and updated for additions and retirements during the year.

Donated fixed assets are recorded at their fair market values as of the date received.

The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements to fund fixed assets are capitalized and depreciated over the useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten to twenty years. All depreciation is closed to retained earnings.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. RESTRICTED ASSETS

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 20 for additional information regarding set-aside.

J. INTERGOVERNMENTAL REVENUES

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

Entitlements:

General Fund

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

Non-Reimbursable Grants:

Special Revenue Funds

- Special Education Grants to States
- Title I, Grants to Local Education Agencies
- Eisenhower Professional Development
- Data Communications Grant
- Drug Free Schools Grant
- Educational Management Information System Fund
- Disadvantaged Impact Aid Grant
- Goals 2000 State and Local Education System
- Innovative Education Program Strategies
- Professional Development Block Grant
- Local Professional Development Block Grant
- Network for Systematic Improvement
- Telecom (E-Rate)
- Ohio Reads Grant
- Summer School Intervention Grant
- Vocation Education Equipment Grant
- Post Secondary Vocational Education Grant
- Entry Year Program Grant
- Schools on the Move Grant
- Class Size Reduction Grant
- Safe School Help Line

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTES 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. INTERGOVERNMENTAL REVENUES (Continued)

Capital Project Funds
SchoolNet Plus

Reimbursable Grants:

Proprietary Funds
National School Lunch Program
Government Donated Commodities

Grants and entitlements accounted for approximately 49% percent of the governmental fund's operating revenue during the 2000 fiscal year.

K. SHORT-TERM INTERFUND ASSETS/LIABILITIES

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables."

L. COMPENSATED ABSENCES

GASB Statement 16, Accounting for Compensated Absences, specifies the methods used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of service. 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 obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. CONTRIBUTED CAPITAL

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds and is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. The School District had capital contributions in the amount of \$4,824 during fiscal year 2000.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. LONG-TERM OBLIGATIONS

Long-term obligations are 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 obligations account group. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

O. INTERFUND TRANSACTIONS

During the course of normal operations, the School District makes numerous transactions between funds. The most significant include operating transfers, reimbursements, and quasi-external transactions.

1. Transfers of resources from one fund to another through which resources are expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as reductions in the expenditures/expenses in the reimbursed fund.
3. Quasi-external transactions are accounted for as revenues and expenditures/expenses.

P. FUND BALANCE RESERVES

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by Statute to protect against cyclical changes in revenues and expenditures. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation.

Q. TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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 cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. ESTIMATES

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. FUND DEFICITS

The following funds had deficit fund balances/retained earnings at June 30, 2000:

DPIA	\$1,291.00
Praxis	\$ 70.00
Schools on the Move	\$8,064.00
Title VI-B	\$6,248.00

The deficit balances in the special revenue funds are the result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. LEGAL COMPLIANCE

The Title VI-B Special Revenue fund had appropriations exceeding estimated resources in the amount of \$4,529, contrary to section 5705.39, Ohio Revised Code.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School 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 and Expendable Trust Fund, and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize 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 All Governmental Fund Types					
	General	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$272,530	(\$18,424)	\$0	\$39,910	\$0
Net Adjustment for Revenue Accruals	(101,577)	(86,648)	99,750	0	0
Net Adjustment for Expenditure Accruals	78,750	33,139		33,393	0
Debt Service:					
Principal	0	0	(84,000)	0	0
Inception of Capital Lease	0	0	0	0	0
Interest	12,468	0	(15,750)	0	0
Advances In	2,000	25,000		0	0
Advances Out	(35,000)	0	0	0	0
Adjustments for Encumbrances	(387,178)	(98,417)	0	(75,050)	0
Budget Basis	(\$158,007)	(\$145,350)	\$0	(\$1,747)	\$0

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Loss / Excess of Revenues Under Expenses and Operating Transfers All Proprietary Fund Types and Similar Trust Funds		
	Enterprise	Internal Service
GAAP Basis	(\$15,938)	(\$120,523)
Net Adjustment for Revenue Accruals	(5,801)	(20,417)
Net Adjustment for Expenditure Accruals	41,921	0
Advances Out	(2,000)	0
Advances In	10,000	0
Adjustment for Encumbrances	(20,829)	0
Budget Basis	\$7,353	(\$140,940)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

- A. United States Treasury 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;

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

- B. 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;
- C. 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;
- D. Bonds and other obligations of the State of Ohio;
- E. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that instruments in securities described in this division are made only through eligible institutions;
- F. The State Treasurer's investment pool (STAROhio); and
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. During fiscal year 2000, the School District had investments in a money market mutual fund.

Undeposited Cash At year end, the School District had \$105 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Cash and Cash Equivalents".

Deposits At year end, the carrying amount of the School District's deposits was \$3,123,601 and the bank balance was \$3,523,064, which includes \$169,014 for the payroll clearance account. Of the bank balance:

- 1. \$469,851 was covered by federal depository insurance;
- 2. \$395,710 was covered by securities held by the financial institution's agent in the name of the District;

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

3. \$2,657,503 was uninsured and uncollateralized. Although all Ohio statutory requirements for the collateralization of deposits had been followed, non-compliance with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 could potentially prevent the District from exercising a successful claim as a secured creditor against the FDIC and render them a general creditor for the uncollateralized amount.

Investments The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's, or by its trust department or agent but not in the School District's name. For purposes of this note presentation, the School District's investment at June 30, 2000, was in a money market mutual fund and is not classified as to risk since the investment is not evidenced by securities that exist in physical or book entry form. The fair value is \$212,343.

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/Deposits	Investments
GASB Statement 9	\$3,336,049	\$0
Undeposited Cash	(105)	0
Investment in a Money Market Mutual Fund	<u>(212,343)</u>	<u>212,343</u>
Gasb Statement 3	<u>\$3,123,601</u>	<u>\$212,343</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the School 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 State law at 35 percent of appraised market value. All property is required to be revalued every six years.

Real and public utility property taxes are payable annually and semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is due December 31, with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established. 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 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 rates determined in the preceding year.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 6 - PROPERTY TAXES (Continued)

Tangible personal property used in business (except public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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 currently is assessed at 88 percent of its true value. Public utility taxes are payable on the same dates as real property taxes described previously.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second-Half Collections, 2000 First-Half Collections			
	Amount	%	Amount	%
Real Property	148,100,440	82.2	153,979,390	82.8
Public Utility Personal	12,656,930	7.0	11,996,600	6.4
Tangible Personal Property	19,372,360	10.8	20,049,390	10.8
Total Assessed Value	180,129,730	100.0	186,025,380	100.0
Tax Rate per \$1000 of Assessed Valuation	41.4		41.1	

The School District receives property taxes from Muskingum and Licking County. The County Auditor of each County periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$1,517,080 and is recognized as revenue in the General Fund. At June 30, 1999, \$1,534,959 was available as an advance to the School District in the general fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (rent and tuition), intergovernmental and interfund receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 7 - RECEIVABLES (Continued)

Receivables	Amounts
General Fund:	
Drivers Ed Reimbursement	\$7,900
Special Revenue Funds:	
NSI	50,000
Title I	27,599
Eisenhower	2,916
Ohio Reads	1,923
Data Communication	3,771
E-Rate	800
Title VI-B	11,054
Total Receivables	\$105,963

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$238,176
Less: Accumulated Depreciation	(153,284)
Net Fixed Assets	\$84,892

A summary of the changes in general fixed assets during fiscal year 2000 follows:

	Balance 6/30/99	Additions	Deletions	Balance 6/30/00
Land and Improvements	\$87,141	\$12,034	\$0	\$99,175
Buildings and Improvements	5,481,997	184,268	(57,051)	5,609,214
Furniture and Equipment	1,311,239	146,639	(233,165)	1,224,713
Vehicles	1,271,580	0	0	1,271,580
Total	\$8,151,957	\$342,941	(\$290,216)	\$8,204,682

The School District did not include textbooks or library books in the fixed assets.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance Company for property insurance and fleet insurance. The coverage includes a \$1,000 deductible on property insurance and a \$250 on fleet coverage.

Professional and general liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence and \$3,000,000 aggregate limit and a \$3,000 deductible with an umbrella of \$1,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to GRP.

The West Muskingum Local School District provides life insurance to all employees through Athem Life Insurance Company, in amounts ranging from \$5,000 to \$84,000

Medical, prescription and dental coverage is provided on a self-insured basis through Benefit Services, Inc. Premiums for dental coverage are \$15.12 and \$50.39 for single and family coverage, respectively. These premiums are paid into the self-insurance fund and the board pays for all claims above the employees' co-pay within the limits of the dental insurance policy. The premiums for medical/prescription coverage range from \$193.85 for single and \$480.15 for family with the employees' paying varying percentages of the premiums. The premiums are paid into the self-insurance fund. The District pays all claims above the employees' co-pay up to the stop loss coverage. Stop loss coverage is \$30,000 per individual per year and \$1,000,000 aggregate per year.

The claims liability of \$232,475 reported in the fund at June 30, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate provided by the School District's third party administrator. Changes in the fund's claims liability for 2000 and 1999 are:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Claims End of Year
2000	\$252,892	\$755,257	\$775,674	\$232,475
1999	\$253,470	\$669,174	\$669,752	\$252,892

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT PLAN

The School District contributes to the School Employees Retirement System of Ohio (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 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$63,469, \$83,888 and \$113,716, respectively; 68.7 percent has been contributed for fiscal year 2000, 46 percent for fiscal year 1999 and 100 percent for fiscal year 1998. \$19,843 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. STATE TEACHERS RETIREMENT PLAN

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides 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 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$298,284, \$290,298 and \$476,154, respectively; 83 percent has been contributed for fiscal year 2000, 80 percent for fiscal year 1999, and 100 percent for fiscal year 1998. \$50,715 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 10 - DEFINED PENSION BENEFIT PLANS (Continued)

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, one member of the Board of Education has elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POST-EMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$397,712 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal 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, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$112,085.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work 260 days per year, earn vacation days at varying rates per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators and classified employees earn sick leave per month. Sick leave may be accumulated up to 215 days for certified and 210 days for classified. Upon retirement, certificated employees receive payment for one-fourth of the total sick leave accumulation up to 50 days. An estimate of probable future payments for sick leave was made based upon historical employment information. Classified employees, upon retirement, receive payment for one-third of the total sick leave accumulation up to 49 days.

The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long term debt account group.

Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned. The amount of compensated absences outstanding at June 30, 2000 is \$840,254.

B. LIFE INSURANCE

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company.

C. SPECIAL TERMINATION BENEFIT PAYABLE

Upon reaching 30 years of retirement credit in the State Teachers Retirement System (STRS), teachers become eligible to receive a \$12,000 retirement bonus, providing they retire in their 30th year. The benefit will be paid in a one lump sum at the time of retirement. Teachers who meet the criteria above and who have worked 25 years or more in the District receive an additional \$2,000. Non-certified employees who have 25 years of SERS service, 10 of which are in the District, shall receive an additional 5 days of severance pay.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases with the Ryder Truck Rental, Inc. for eight school buses. The lease agreement is accounted for on a GAAP basis as a support services expenditure in the general fund with an offsetting amount reported as an other financing source.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$456,198, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	General Long-Term Obligations
2001	55,621
2002	55,621
2003	55,621
2004	55,621
2005-07	138,099
Total minimum lease payments	360,583
Less: amount representing interest	(42,552)
Present value of minimum lease payments	\$318,031

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District for the year ending June 30, 2000 is as follows:

	Outstanding June 30, 1999	Additions	Payments	Outstanding June 30, 2000
Capital Leases	\$359,681	\$0	(\$41,650)	\$318,031
Pension Obligation	\$68,379	\$69,560	(\$68,379)	\$69,560
Early Retirement Incentive	\$0	\$14,000	\$0	\$14,000
Compensated Absences	\$767,166	\$292,964	(\$287,754)	\$772,376
Total General Long-Term Obligations	\$1,195,226	\$376,524	(\$397,783)	\$1,173,967

Compensated absences reported in the "compensated absences payable" account will be paid from the fund which the employee's salaries are paid. Capital leases will be paid from the General Fund. Compensated absences and the pension obligation, which represents the contractually required pension contribution paid outside the available period, will be paid from the fund from which the employees' salaries are paid.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 15 - NOTES PAYABLE

The District issued Energy Conservation Notes under House Bill 264 in June of 1992 with a final maturity in June of 2002 at an interest rate of 6.25%. Note activity for the year is as follows:

	Outstanding June 30, 1999	Additions	Payments	Outstanding June 30, 2000
Energy Conservation Notes	\$252,000	\$0	(\$84,000)	\$168,000

Debt service requirements to maturity, including interest of \$15,750 are as follows:

2001	\$94,500	2002	\$89,250	Total	\$183,750
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NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two Enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the West Muskingum Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supply	Total Enterprise Funds
Operating Revenues	\$296,505	\$45,126	341,631
Operating Expenses before Depreciation	(435,093)	(40,548)	(475,641)
Depreciation	(9,233)	0	(9,233)
Operating (Loss)	(147,821)	4,578	(143,243)
Donated Commodities	23,936	0	23,936
Operating Grants	98,523	0	98,523
Interest	1,476	0	1,476
Net Loss	(23,886)	4,578	(19,308)
Net Working Capital	37,926	3,938	41,864
Long-Term Portion of Comp Absences Payable	9,259		9,259
Total Assets	205,306	38,632	243,938
Total Equity	113,558	3,938	117,496
Encumbrances at June 30, 2000	11,279	9,551	20,830

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. LICKING AREA COMPUTER ASSOCIATION

Licking Area Computer Association is jointly governed organization created as a regional council of governments pursuant to State Statutes. LACA provides financial accounting services, student services, and educational management information system. Each member District pays an annual fee for services provided by LACA. LACA is governed by a Board of Directors which is selected by the member districts. Each district has one vote in all matters, and each member district's control over budgeting and finance is limited to its voting authority and any representation which may have on the Board of Directors.

The Licking Area Joint Vocational School acts as the fiscal agent and receives funding from the State Department of Education. The continued existence of LACA is not dependent on the District's continued participation and no equity interest exists.

B. MID-EAST OHIO VOCATIONAL SCHOOL

The Mid-East Ohio Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 13 participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Mid-East Ohio Vocational School, Cindy Nye, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 43701.

NOTE 18 - INSURANCE PURCHASING POOL

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

NOTE 19 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,212,298 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 the issue. The Court concluded, "...the mandate of the (Ohio) Constitution had not been fulfilled."

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 19 - STATE SCHOOL FUNDING DECISION (Continued)

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[ing] further attention, study, and development by the General Assembly ...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

As of the date of these financial statements, the 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.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

The following cash basis information describes the change in the year end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$118,027
Current Year Set-aside Requirement	214,637	214,637	21,353
Current Year Offsets		(145,337)	0
Qualifying Disbursements	<u>(249,652)</u>	<u>(369,563)</u>	<u>0</u>
Total	<u>(\$35,015)</u>	<u>(\$300,263)</u>	<u>\$139,380</u>
Balance Carried Forward to Future Fiscal Years	<u>(\$35,015)</u>	<u>\$0</u>	<u>\$139,380</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$139,380</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 21 - CONTINGENCIES

A. GRANTS

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

B. LITIGATION

The School District is currently not a party to any pending litigation that would have a material effect on the financial statements.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$ 0	\$23,981	\$ 0	\$23,936
National School Lunch Program	N/A	10.555	<u>108,535</u>	_____	<u>108,535</u>	_____
Total U.S. Department of Agriculture			<u>108,535</u>	<u>23,981</u>	<u>108,535</u>	<u>23,936</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Grants to Local Education Agencies	6B-SF-00P	84.010	240,610		216,609	
Special Education Grants to States (IDEA Part B)	C1-S1-00	84.027	108,987		109,200	
Drug Free School Grant	DR-S1-00	84.186	8,654		5,406	
Goals 2000 State and Local Education System	GS-S2-00P	84.276			132,227	
Eisenhower Professional Development	MS-S1-00	84.281	5,835		12,552	
Innovative Education Program Strategies	C2-S1-2000	84.298	10,569		11,774	
Class Size Reduction	CR-S1-00	84.340	45,308		36,588	
Direct Program:						
Disadvantaged Pupil Impact Aid		84.041	<u>200</u>	_____	<u>200</u>	_____
Total U. S. Department of Education			<u>420,163</u>	<u>0</u>	<u>524,556</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$528,698</u>	<u>\$23,981</u>	<u>\$633,091</u>	<u>\$23,936</u>

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

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the School District's Federal Awards 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, 2000, the District had no significant food commodities in inventory.

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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

West Muskingum Local School District
Muskingum County
4880 West Pike
Zanesville, Ohio 43701

To the Board of Education:

We have audited the accompanying general purpose financial statements of the West Muskingum Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 18, 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 School District's general purpose 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 general purpose 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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 School District in a separate letter dated December 18, 2000.

West Muskingum Local School District
Muskingum County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page -2-

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

Jim Petro
Auditor of State

December 18, 2000



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

West Muskingum Local School District
Muskingum County
4880 West Pike
Zanesville, Ohio 43701

To the Board of Education:

Compliance

We have audited the compliance of the West Muskingum Local School District, Muskingum County, Ohio (the School 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 its major federal program for the year ended June 30, 2000. The School 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 School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School 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 School District's compliance with those requirements.

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

Internal Control over Compliance

The management of the School 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 School 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 controls 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, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 18, 2000

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED 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
(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 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 I, Part A, ESEA
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



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OFFICE OF THE AUDITOR

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WEST MUSKINGUM LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2001**