



**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MILLCREEK WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Millcreek West Unity Local School District
Williams County
113 South Defiance Street
P.O. Box 505
West Unity, Ohio 43570-0505

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

December 18, 2001

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**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	<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	\$33,893	\$82,304	\$395,531	\$121,370
Cash and Cash Equivalents:				
With Fiscal Agents		827		
Receivables:				
Taxes	1,529,162		122,775	
Accounts				
Accrued Interest	11,508			7,373
Interfund Receivable			20,000	
Materials and Supplies Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	75,013			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of Long Term Obligations				
Amount to be Provided From General Government Resources				
Total Assets and Other Debits	<u>\$1,649,576</u>	<u>\$83,131</u>	<u>\$538,306</u>	<u>\$128,743</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$1,057			
Accrued Wages and Benefits	350,928	\$7,879		
Compensated Absences Payable	49,076			
Interfund Payable	20,000			
Intergovernmental Payable	63,189			
Deferred Revenue	1,455,152		\$117,412	
Due to Students				
Energy Conservation Loan				
General Obligation Bonds Payable				
Total Liabilities	<u>1,939,402</u>	<u>7,879</u>	<u>117,412</u>	
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	24,965	10,639		185
Reserved for Debt Service Principal			395,531	
Reserved for Advances			20,000	
Reserved for Contributions				
Reserved for Property Taxes	74,010		5,363	
Reserved for Textbooks and Instructional Materials	53,090			
Reserved for Budget Stabilization	21,923			
Unreserved, Undesignated	(463,814)	64,613		128,558
Total Fund Equity and Other Credits	<u>(289,826)</u>	<u>75,252</u>	<u>420,894</u>	<u>128,743</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,649,576</u>	<u>\$83,131</u>	<u>\$538,306</u>	<u>\$128,743</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$37,405	\$64,435			\$734,938
				827
				1,651,937
7,689	115			7,689
				18,996
6,833				20,000
				6,833
				75,013
53,056 (34,731)		\$5,920,252		5,973,308 (34,731)
			\$395,531	395,531
			586,545	586,545
\$70,252	\$64,550	\$5,920,252	\$982,076	\$9,436,886
				\$1,057
\$15,843				374,650
3,744			\$365,770	418,590
				20,000
8,612			25,306	97,107
4,041				1,576,605
	\$22,436			22,436
			81,000	81,000
			510,000	510,000
32,240	22,436		982,076	3,101,445
		\$5,920,252		5,920,252
38,012				38,012
	1,300			37,089
				395,531
				20,000
	6,741			6,741
				79,373
				53,090
				21,923
	34,073			(236,570)
38,012	42,114	5,920,252		6,335,441
\$70,252	\$64,550	\$5,920,252	\$982,076	\$9,436,886

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Intergovernmental	\$2,729,521	\$181,049
Interest	35,124	514
Tuition and Fees	11,519	
Rent	260	
Extracurricular Activities		70,238
Gifts and Donations		2,675
Customer Services		100
Property and Other Local Taxes	1,513,511	
Miscellaneous	22,528	
Total Revenues	4,312,463	254,576
Expenditures:		
Instruction:		
Regular	2,225,694	35,144
Special	311,068	93,645
Vocational	168,321	
Other	1,936	
Support services:		
Pupils	133,282	24,186
Instructional Staff	118,171	10,340
Board of Education	19,122	
Administration	484,586	13,730
Fiscal	102,945	1,100
Operation and Maintenance of Plant	370,684	
Pupil Transportation	130,722	805
Central	25,068	
Non-Instructional Services	15,476	
Extracurricular activities	119,520	66,696
Capital Outlay		411
Debt Service		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	4,226,595	246,057
Excess of Revenues Over (Under) Expenditures	85,868	8,519
Other Financing Sources and Uses		
Operating Transfer In	6,821	
Proceeds from Sale of Fixed Assets	87	
Other Financing Sources	2,155	
Operating Transfers Out	(23,710)	(2,309)
Total Other Financing Sources and Uses	(14,647)	(2,309)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	71,221	6,210
Fund Balance at Beginning of Year	(361,047)	69,042
Fund Balance at End of Year	(\$289,826)	\$75,252

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

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$14,902	\$66,943 6,331	\$688	\$2,992,415 42,657 11,519 260 70,238 13,425 100 1,652,100 22,528
138,589		10,750	
153,491	73,274	11,438	4,805,242
	5,128		2,265,966 404,713 168,321 1,936
3,561	2,917 6,142	8,408	157,468 128,511 19,122 506,724 107,606 373,601 137,669 25,068 15,476 186,216 3,451
103,000 47,147			103,000 47,147
153,708	17,227	8,408	4,651,995
(217)	56,047	3,030	153,247
23,710			30,531 87 2,155 (30,531)
23,710	(4,512)		2,242
23,493	51,535	3,030	155,489
397,401	77,208	27,959	210,563
\$420,894	\$128,743	\$30,989	\$366,052

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	General		Variance: Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental	\$2,962,605	\$2,730,771	(\$231,834)
Interest	29,787	28,204	(1,583)
Tuition and Fees	11,519	11,519	
Rent	260	260	
Extracurricular Activities			
Gifts and Donations	25		(25)
Customer Services			
Property and Other Local Taxes	1,589,892	1,589,892	
Miscellaneous	23,138	41,745	18,607
Total Revenues	4,617,226	4,402,391	(214,835)
Expenditures:			
Current:			
Instruction:			
Regular	2,273,475	2,254,986	18,489
Special	317,196	311,846	5,350
Vocational	178,125	174,106	4,019
Other	3,877	1,936	1,941
Support services:			
Pupils	147,552	144,322	3,230
Instructional Staff	124,844	120,360	4,484
Board of Education	20,742	19,135	1,607
Administration	481,688	478,093	3,595
Fiscal	106,709	102,844	3,865
Operation and Maintenance of Plant	378,426	372,492	5,934
Pupil Transportation	263,005	193,633	69,372
Central	26,368	25,068	1,300
Non-Instructional Services	17,551	15,476	2,075
Extracurricular activities	123,352	123,028	324
Capital Outlay			
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	4,462,910	4,337,325	125,585
Excess of Revenues Over (Under) Expenditures	154,316	65,066	(89,250)
Other Financing Sources and Uses			
Operating Transfers In		6,821	6,821
Proceeds from Sale of Fixed Assets	620	87	(533)
Refund of Prior Year Expenditures	2,029	2,029	
Advances In	110,000	110,000	
Other Financing Sources	127	127	
Operating Transfers Out	(23,710)	(23,710)	
Advances Out	(160,000)	(160,000)	
Total Other Financing Sources and Uses	(70,934)	(64,646)	6,288
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	83,382	420	(82,962)
Fund Balance at Beginning of Year	45,697	45,697	
Prior Year Encumbrances Appropriated	36,767	36,767	
Fund Balance at End of Year	\$165,846	\$82,884	(\$82,962)

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$188,604 759	\$172,906 759	(\$15,698)	\$15,736	\$14,902	(\$834)
73,554 2,679 225	70,238 2,675 100	(3,316) (4) (125)	144,124	144,124	
265,821	246,678	(19,143)	159,860	159,026	(834)
44,210 103,154	35,498 95,792	8,712 7,362			
45,552 3,958	24,186 2,175	21,366 1,783			
22,400 1,100	16,192 1,100	6,208	3,641	3,561	80
1,090	805	285			
89,949 3,000	75,417 436	14,532 2,564	103,000 47,147	103,000 47,147	
314,413	251,601	62,812	153,788	153,708	80
(48,592)	(4,923)	43,669	6,072	5,318	(754)
			23,710	23,710	
5,245		(5,245)	100,000	100,000	
(2,309)	(2,309)		(100,000)	(100,000)	
2,936	(2,309)	(5,245)	23,710	23,710	
(45,656)	(7,232)	38,424	29,782	29,028	(754)
66,847 12,049	66,847 12,049		366,503	366,503	
\$33,240	\$71,664	\$38,424	\$396,285	\$395,531	(\$754)

(Continued)

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	Capital Projects		Variance: Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Intergovernmental	\$96,727	\$66,943	(\$29,784)
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Customer Services			
Property and Other Local Taxes			
Miscellaneous			
Total Revenues	96,727	66,943	(29,784)
Expenditures:			
Current:			
Instruction:			
Regular	17,509	5,213	12,296
Special			
Vocational			
Other			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Operation and Maintenance of Plant	11,520	2,917	8,603
Pupil Transportation	6,142	6,142	
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	38,178	3,140	35,038
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	73,349	17,412	55,937
Excess of Revenues Over (Under) Expenditures	23,378	49,531	26,153
Other Financing Sources and Uses			
Operating Transfers In			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In	53,666	53,666	
Other Financing Sources			
Operating Transfers Out	(5,392)	(4,512)	880
Advances Out	(20,058)	(3,666)	16,392
Total Other Financing Sources and Uses	28,216	45,488	17,272
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	51,594	95,019	43,425
Fund Balance at Beginning of Year	17,722	17,722	
Prior Year Encumbrances Appropriated	8,445	8,445	
Fund Balance at End of Year	\$77,761	\$121,186	\$43,425

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

Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$771	\$688	(\$83)	\$3,263,672	\$2,985,522	(\$278,150)
			31,317	29,651	(1,666)
			11,519	11,519	
			260	260	
			73,554	70,238	(3,316)
20,445	10,750	(9,695)	23,149	13,425	(9,724)
			225	100	(125)
			1,734,016	1,734,016	
			23,138	41,745	18,607
21,216	11,438	(9,778)	5,160,850	4,886,476	(274,374)
			2,335,194	2,295,697	39,497
			420,350	407,638	12,712
			178,125	174,106	4,019
			3,877	1,936	1,941
			193,104	168,508	24,596
			128,802	122,535	6,267
			20,742	19,135	1,607
12,709	9,709	3,000	516,797	503,994	12,803
			111,450	107,505	3,945
			389,946	375,409	14,537
			270,237	200,580	69,657
			26,368	25,068	1,300
			17,551	15,476	2,075
			213,301	198,445	14,856
			41,178	3,576	37,602
			103,000	103,000	
			47,147	47,147	
12,709	9,709	3,000	5,017,169	4,769,755	247,414
8,507	1,729	(6,778)	143,681	116,721	(26,960)
			23,710	30,531	6,821
			620	87	(533)
			7,274	2,029	(5,245)
			263,666	263,666	
			127	127	
			(31,411)	(30,531)	880
			(280,058)	(263,666)	16,392
			(16,072)	2,243	18,315
8,507	1,729	(6,778)	127,609	118,964	(8,645)
27,847	27,847		524,616	524,616	
			57,261	57,261	
\$36,354	\$29,576	(\$6,778)	\$709,486	\$700,841	(\$8,645)

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$176,753		\$176,753
Interest		\$516	516
Contributions and Donations		500	500
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	176,753	1,016	177,769
	<hr/>	<hr/>	<hr/>
Operating Expenses			
Salaries	70,434		70,434
Fringe Benefits	40,876		40,876
Purchased Services	2,025		2,025
Materials and Supplies	119,778		119,778
Depreciation	874		874
Other Expenses	4,477	700	5,177
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	238,464	700	239,164
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(61,711)	316	(61,395)
	<hr/>	<hr/>	<hr/>
Non-Operating Revenues and Expenses			
Federal Donated Commodities	22,912		22,912
Interest	633		633
Federal and State Subsidies	39,928		39,928
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues and Expenses	63,473		63,473
	<hr/>	<hr/>	<hr/>
Net Income	1,762	316	2,078
Retained Earnings/Fund Balance at Beginning of Year	36,250	10,809	47,059
	<hr/>	<hr/>	<hr/>
Retained Earnings/Fund Balance at End of Year	\$38,012	\$11,125	\$49,137
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Sales	\$175,248		\$175,248
Other Cash Receipts		\$500	500
Cash Payments to Suppliers for Goods and Services	(95,949)		(95,949)
Cash Payments for Contract Services	(2,025)		(2,025)
Cash Payments for Employee Services	(71,840)		(71,840)
Cash Payments for Employee Benefits	(39,209)		(39,209)
Other Cash Payments	(4,477)	(700)	(5,177)
Net Cash Used by Operating Activities	<u>(38,252)</u>	<u>(200)</u>	<u>(38,452)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	39,928		39,928
Advances In	10,000		10,000
Advances Out	(10,000)		(10,000)
Net Cash Provided by Noncapital Financing Activities	<u>39,928</u>		<u>39,928</u>
<u>Cash Flows from Investing Activities:</u>			
Interest Received	633	592	1,225
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(1,640)		(1,640)
Net Increase in Cash and Cash Equivalents	669	392	1,061
Cash and Cash Equivalents at Beginning of Year	<u>36,736</u>	<u>10,733</u>	<u>47,469</u>
Cash and Cash Equivalents at End of Year	<u>\$37,405</u>	<u>\$11,125</u>	<u>\$48,530</u>

(Continued)

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(\$61,711)	\$316	(\$61,395)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	874		874
Donated Commodities Used During the Year	22,912		22,912
Adjustments to Capital Outlay	(1,460)		(1,460)
Nonexpendable Trust Interest		(592)	(592)
(Increase) Decrease in Assets:			
Accounts Receivable	(1,504)		(1,504)
Accrued Interest		76	76
Material and Supplies Inventory	3,070		3,070
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	275		275
Intergovernmental Payable	1,090		1,090
Deferred Revenue	(693)		(693)
Accrued Wages and Benefits	(1,105)		(1,105)
Total Adjustments	23,459	(516)	22,943
Net Cash Used by Operating Activities	(\$38,252)	(\$200)	(\$38,452)
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2001:			
Cash and Cash Equivalents - Trust and Agency Funds			\$64,435
Less: Expendable Trust Funds			(30,874)
Less: Agency Funds			(22,436)
Cash and Cash Equivalents - Nonexpendable Trust Funds			\$11,125

The Food Service Fund consumed donated commodities with a value of \$22,912.
The use of these commodities is reflected as an operating expense.

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

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Millcreek-West Unity Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Millcreek-West Unity Local School District is a local school district as defined by § 3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's instructional and support facility.

The Reporting Entity

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

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

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, Northwestern Ohio Educational Research Council, Inc., the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 13 and 14 to the general-purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust 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

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present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The enterprise funds and the nonexpendable trust fund are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The enterprise funds' and nonexpendable trust fund's operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

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

The modified accrual basis of accounting is followed for the governmental fund types, the expendable trust fund, and agency funds. The full accrual basis of accounting is followed by the enterprise funds and the nonexpendable trust fund.

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

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

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

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

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On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

B. Fund Accounting

The District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reporting in other funds. The restrictions associated with each class of funds are as follows:

1. Governmental Funds

The funds through which most Board of Education functions are typically financed.

General Fund - The fund used to account for all financial resources except those required to be segregated and accounted for in other funds. The General Fund is the general operating fund of the District.

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

Debt Service Funds - The funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to the governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for Governmental Funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of debt for Proprietary Funds and the short-term debt of both Governmental and Proprietary Funds.

Capital Projects Funds - The funds 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 and Nonexpendable Trust Funds).

2. Fiduciary Funds

The funds used to account for assets not owned by the Board, but held for a separate entity.

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Trust Funds - The funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These may include Expendable Trust Funds and Nonexpendable Trust Funds.

Agency Funds - The funds used to account for assets held by the District as an agent.

3. Proprietary Funds

The funds used to account for Board activities that are similar to business operations in the private sector.

Enterprise Funds - The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

4. Account Groups

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

General Long-Term Obligations - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

C. Budgetary Accounting

Budgets are adopted on a cash basis.

The District is required by State statute to adopt an annual appropriation budget for all funds. The specific timetable is as follows:

1. Prior to January 15, the Treasurer submits 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. A public hearing is publicized and conducted to obtain taxpayers' comments. The purpose of this Budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board adopted budget is filed with the County Budget Commission for rate determination.
3. 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. The annual appropriation measure (the true operating budget) is then developed at the fund, function, and object level of expenditures, which are the legal levels of budgetary control.
4. By October 1, the annual appropriation measure for all funds is legally enacted by the Board of Education. After a public hearing is held the appropriation measure, by law, may not exceed the Certificate of Estimated Resources. The Certificate may be amended to include actual

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unencumbered balances at the June 30 fiscal year end or if projected increases or decreases in revenue are identified by the District during the year.

5. The District maintains budgetary control by not permitting expenditures to exceed appropriations within each fund, function, and object without approval of the Board of Education. The Board permits management to make discretionary budgetary adjustments within each fund, which are approved by the Board on a monthly basis. Any adjustments that alter the total fund appropriation require specific action of the Board.
6. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

The District's budget (budget basis) for all funds accounts for certain transactions on a basis, which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures and expenses are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.

An analysis of the difference between GAAP and budgetary basis for all governmental fund types and expendable trust funds for the year ended June 30, 2001, follows:

	Excess of Revenues and Other Financing Sources Over/(Under) Expenditures				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$420	(\$7,232)	\$29,028	\$95,019	\$1,729
Revenue Accruals	(89,927)	7,898	(5,535)	6,331	
Expenditure Accruals	73,961	(6,505)		(8,260)	1,301
Other Sources/Uses	50,000			(50,000)	
Encumbrances	36,767	12,049		8,445	
GAAP Basis	<u>\$71,221</u>	<u>\$6,210</u>	<u>\$23,493</u>	<u>\$51,535</u>	<u>\$3,030</u>

D. Encumbrances

The District is required to use the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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E. Cash and Investments

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

During fiscal year 2001, investments were limited to nonnegotiable certificates of deposits. Nonnegotiable certificates are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund and food service fund during fiscal year 2001 amounted to \$35,124 and \$633, respectively.

For purposes of the combined statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. For the purpose of reporting cash flows, cash and cash equivalents are defined as equity in pooled cash and cash equivalents as these amounts are available for immediate withdrawal.

F. Inventory

Inventory in the governmental funds is stated at cost while inventory in the enterprise funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that they are unavailable for appropriation. Inventory in the enterprise funds consists of donated food, purchased food, and school supplies held for resale and is expended when used.

G. Property, Plant and Equipment

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during construction of general fixed assets is also not capitalized. Contributed fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500, except for the cost of textbooks. This is based primarily on the uniqueness of these items to a school operation and an existing five year textbook adoption policy. No depreciation is recognized for assets in the General Fixed Assets Account Group.

Public Domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. The District does not have any infrastructure.

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2. Proprietary Funds

Property plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided for furniture, fixtures, and equipment on a straight-line basis over an estimated useful life of five to ten years.

H. Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants 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 for Proprietary Fund operations are recognized as revenue when measurable and earned. This District currently participates in various state and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

General Fund

Equity Fund Grant

Special Revenue Funds

Professional Staff Development Grant
Educational Management Information Systems
ONENET Ohio
Professional Technology Development
Textbook/Instructional Materials Subsidy
Summer School
Extended Learning Opportunity
Safe School Help Line
Eisenhower Grant
Title VI-B Flow Through
Title I
Title VI
Drug Free Grant
Preschool Disability Grant
E-Rate Grant
Title VI-R

Capital Projects Funds

School Net Plus Grant
Technology Equity
Emergency School Building Repair

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Reimbursable Grants

General Fund

Driver Education Reimbursement

Special Revenue Fund

Vocational Education Equipment Fund

Enterprise Fund

National School Lunch Program

Food Distribution Program

I. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund receivables and interfund payables.

J. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District to create a reserve for textbooks and instructional materials and budget stabilization. See Note 16 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

K. Fund Balance Reserves

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

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L. Concentration of Credit Risk

Financial instruments, which potentially subject the District to concentrations of credit risk, consist primarily of taxes receivable.

M. Compensated Absences

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences". In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the rates in effect at June 30, 2001.

For governmental funds, the District provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Estimates

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

P. Pass-Through Grants

The Eisenhower, Title VI-B, and Handicapped Preschool special revenue funds are pass-through grants in which the Northwest Ohio Educational Service Center is the primary recipient. In accordance with GASB Statement 24 "Accounting and Financial Reporting of Certain Grants and

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Other Financial Assistance" the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

Q. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This information is not comparable to a consolidation. Interfund-type eliminations have not been made in the combining of the data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawal 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 five 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 passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions and,
6. The State Treasurer's investment pool (STAR Ohio).
7. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

At year end, the District had \$827 held at the Northwest Ohio Educational Service Center. This amount is included in the balance sheet as "Cash and Cash Equivalents with Fiscal Agents".

A. Cash on Hand

At year end, the District had \$100 in undeposited cash on hand which is included on the balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

B. Deposits

At year end, the carrying amount of the District's deposits was \$809,851 and the bank balance was \$913,020. Of the bank balance:

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1. \$152,998 was covered by Federal Depository Insurance; and
2. \$760,022 was collateralized by securities specifically pledged by the financial institution in the name of the District.

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

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

	Cash and Cash Equivalents
GASB Statement 9	\$810,778
Cash with Fiscal Agents	(827)
Cash on Hand	(100)
GASB Statement 3	\$809,851

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility, and tangible property located within the District. All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35 percent of appraised market value. Pertinent real property tax dates are:

Collection Dates	January and July of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value.

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Pertinent tangible personal property tax dates are:

Collection Dates	April and September of the current year
Lien Date	January 1 of the current year
Levy Date	October 1 of the year preceding the collection year

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Most public utility tangible personal property currently is assessed at 35 percent of its true value. Pertinent public utility tangible personal property tax dates are:

Collection Dates	January and July of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	October 1 of the year preceding the collection year

The County Treasurer collects real estate property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and September.

The County Treasurer collects personal property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in May and October.

Taxes receivable represent current and delinquent real property, tangible personal property, and public utility property taxes, which are measurable at June 30, 2001. These taxes are intended to finance the next fiscal year's operations, and are therefore offset by a credit to deferred revenue, except for the portion of real taxes which is available to advance as of June 30, 2001.

The assessed values of properties upon which property tax revenues were based are as follows:

	<u>Amount</u>
Agricultural/Residential	\$5,485,390
Commercial/Industrial	39,590,470
Public Utility	3,890,840
General Personal Property	6,616,910
Total valuation	<u><u>\$55,583,610</u></u>

NOTE 6 - FIXED ASSETS

A summary of changes in the General Fixed Assets Account Group is as follows:

<u>Asset Category</u>	<u>Balance at 7/1/00</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 6/30/01</u>
Land/Improvements	\$21,419			\$21,419
Buildings/Improvements	4,022,606			4,022,606
Furniture and Equipment	1,009,791	\$13,092		1,022,883
Vehicles	399,281	61,142	\$25,578	434,845
Text and Library Books	406,088	12,411		418,499
Totals	<u><u>\$5,859,185</u></u>	<u><u>\$86,645</u></u>	<u><u>\$25,578</u></u>	<u><u>\$5,920,252</u></u>

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A summary of changes in the Enterprise Fund fixed assets is as follows:

Asset Category	Balance at 6/30/01
Furniture and Equipment	\$53,056
Less: Accumulated Depreciation	(34,731)
Totals	\$18,325

NOTE 7 - LONG-TERM OBLIGATIONS

During the year ended June 30, 2001, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	Balance at July 1, 2000	Additions	Deductions	Balance at June 30, 2001
Elementary School Building	\$595,000		\$85,000	\$510,000
Energy Conservation Loan	99,000		18,000	81,000
Total	694,000		103,000	591,000
Pension Obligation	20,453	\$4,853		25,306
Compensated Absences	365,129	641		365,770
Total Long-Term Obligations	\$1,079,582	\$5,494	\$103,000	\$982,076

Debt outstanding at June 30, 2001 consisted of General Obligation Bonds totaling \$510,000 and an Energy Conservation Loan totaling \$81,000 (interest rates at June 30, 2001 were 7.50 percent and 6.33 percent for the bonds and note, respectively). The bonds were issued in May 1986 and will mature in December 2007. The loan was issued in August 1995 and will mature in August 2005.

Total expenditures for interest for the above debt for the period ended June 30, 2001 was \$47,147.

The scheduled payments of principal and interest on debt outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2002	\$103,000	\$39,407	\$142,407
2003	103,000	32,010	135,010
2004	103,000	24,613	127,613
2005	103,000	17,215	120,215
2006	94,000	9,847	103,847
thereafter	85,000	3,160	88,160
Total	\$591,000	\$126,252	\$717,252

NOTE 8 - COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 20 days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one fourth of the accumulated sick leave to a maximum of 35 days. For employees with 10-19 years of service, the maximum is 43 days; for employees with 20 or more years of service, the maximum is 50 days.

At June 30, 2001, the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the General Long-Term Obligations Account Group were \$49,076 and \$365,770, respectively. The liability for compensated absences in the proprietary funds at June 30, 2001, was \$3,744.

NOTE 9 - PENSION AND RETIREMENT PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System 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 SERS, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$76,982, \$75,144, and \$76,588, respectively, 58 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$32,172 representing unpaid contributions for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS) a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

ended June 30, 2001, 2000, and 1999 were \$392,463, \$384,898, and \$343,314, respectively, 86 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$54,140 representing unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

The Ohio Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000. The Health Care Reserve Fund allocation for the year ended June 30, 2001, and after will be 4.5 percent of covered payroll.

For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 8.45 percent. 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 2000, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, were \$140,696,340 and the target level was \$211 million. At June 30, 2000, the Retirement System's net assets available for payment of health care benefits were \$252.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

The portion of District contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .6036, then adding the surcharge due as of June 30, 2001, as certified to the District by SERS.

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

For the District, the amount to fund postemployment benefits, including the surcharge equaled \$192,428 during the 2001 fiscal year.

NOTE 11 - INSURANCE

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100 percent co-insured.

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

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council (NBEC) for the benefits offered to its employees, which includes health, dental and life insurance. NBEC is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

NOTE 12 - ENTERPRISE FUNDS SEGMENT INFORMATION

The District maintains three Enterprise Funds, which provide lunchroom/cafeteria services, uniform school supply services, and adult education. Segment information for the year ended June 30, 2001, was as follows:

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	Food Service	Uniform School Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$146,808	\$29,945		\$176,753
Depreciation Expense	874			874
Operating Income (Loss)	(62,837)	1,126		(61,711)
Donated Commodities	22,912			22,912
Grants	39,928			39,928
Interest	633			633
Net Income	636	1,126		1,762
Net Working Capital	(16,017)	35,338	\$366	19,687
Total Assets	34,548	35,338	366	70,252
Total Liabilities	32,240			32,240
Total Equity	2,308	35,338	366	38,012

NOTE 13- JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. All payments made by the District for services received are made to the NWOCA during the fiscal year were \$26,618. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties, in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center 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 educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Career

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, at Route 1, Box 245A, Archbold, Ohio 43502.

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

NOTE 14 - GROUP PURCHASING POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program includes health, dental, and life, and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2001, Millcreek West Unity Local School District contributed a total of \$451,462 for all four plans. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan

The District participates in a group rating plan for worker's compensation as established under §4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. Each year, the

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

participating members pay an enrollment fee to WCGRP to cover the costs of administering the program. The District's fee was \$632 for the fiscal year.

NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds is required to be set aside at fiscal year end.

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>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2000	\$24,544		\$19,862	\$44,406
Current Year Set-aside Requirement	85,139	\$85,139	2,061	172,339
Qualifying Disbursements	(56,593)	(89,047)		(145,640)
Total	<u>\$53,090</u>	<u>(\$3,908)</u>	<u>\$21,923</u>	<u>\$71,105</u>
Cash Balance Carried Forward to FY 2002	<u>\$53,090</u>		<u>\$21,923</u>	<u>\$75,013</u>
Total Restricted Assets				<u>\$75,013</u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. The negative amounts may be used to offset future year textbook set-aside requirements, however may not be used to reduce future capital set-aside requirements.

NOTE 16 - INTERFUND TRANSACTIONS

Transfer between funds during the year ended June 30, 2001, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$6,821	\$23,710
Special Revenue Fund		2,309
Debt Service Fund	23,710	
Capital Projects Fund		4,512
Total All Funds	<u>\$30,531</u>	<u>\$30,531</u>

Interfund balances at June 30, 2001, consist of the following individual fund receivables and payables:

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	Interfund Receivable	Interfund Payable
General Fund		\$20,000
Debt Service Fund	\$20,000	
Total All Funds	\$20,000	\$20,000

NOTE 17 - AGENCY FUNDS

General-Purpose Statement of Changes in Assets and Liabilities
For the Period Ending June 30, 2001

	Balance at 6/30/00	Change	Balance at 6/30/01
Assets	\$23,079	(\$643)	\$22,436
Liabilities	\$23,079	(\$643)	\$22,436

NOTE 18 - ACCOUNTABILITY AND COMPLIANCE

At June 30, 2001, the General and Title I Funds had deficit fund balances of \$308,973 and \$5,595 which were created by the application of generally accepted accounting principles.

The District did not always certify expenditures as required by Ohio Revised Code § 5705.41(D).

NOTE 19 – SCHOOL FUNDING DECISION

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

- A change in the districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to districts as a result of this change must be retroactive to July 2, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004, rather than in fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order. In general, it is expected that the decision would result in an increase in State funding for most Ohio districts. However, as of December 18, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

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

Millcreek West Unity Local School District
Williams County
113 South Defiance Street
P.O. Box 505
West Unity, Ohio 43570-0505

To the Board of Education:

We have audited the financial statements of Millcreek-West Unity Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 18, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-10186-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated December 18, 2001.

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

Jim Petro
Auditor of State

December 18, 2001

MILLCREEK WEST UNITY LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2001

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

FINDING NUMBER 2001-10186 -001

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificates: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty percent of the purchases tested were not encumbered properly. We recommend the Treasurer certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a "Then and Now " certificate.



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MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT

WILLIAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 8, 2002**