

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements of the Marysville Exempted Village School District, Union County, Ohio, (the District) as of and for the year ended June 30, 1999 as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Marysville Exempted Village School District, Union County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.



JIM PETRO
Auditor of State

January 31, 2000

Marysville Exempted Village School District

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General	Special	Debt	Capital
	Fund	Revenue	Service	Projects
	Funds	Fund	Funds	Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$3,644,348	\$394,700	\$1,576,663	\$5,095,353
Investments	0	0	0	14,348,718
Receivables (net of allowance for doubtful accounts):				
Taxes	14,819,456	0	1,994,558	2,185,772
Accounts	13,015	1,284	0	0
Intergovernmental	0	0	0	0
Interest	2,109	0	0	0
Interfund Loan Receivable	131,321	0	0	0
Due from Other Funds	0	0	0	0
Prepaid Items	31,516	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	272,954	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for				
General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$18,914,719	\$395,984	\$3,571,221	\$21,629,843
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$74,318	\$33,808	\$0	\$21,321
Accrued Wages and Benefits	1,674,420	47,530	0	0
Interfund Loan Payable	0	69,453	0	0
Intergovernmental Payables	423,340	15,823	0	0
Due to Other Funds	430	0	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	49,136
Deferred Revenue - Taxes	14,109,856	0	1,994,558	2,080,772
Deferred Revenue	0	0	0	0
Claims Payable	0	0	0	0
General Obligation Note Payable	0	0	0	18,400,000
General Obligation Bond Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Installment Loan Payable	0	0	0	0
Total Liabilities	16,282,364	166,614	1,994,558	20,551,229
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings - Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	489,622	22,680	0	392,160
Reserved for Property Tax	709,600	0	0	105,000
Statutory Reserves	272,954	0	0	0
Reserved for Prepaid Items	31,516	0	0	0
Reserved for Debt Service	0	0	1,576,663	0
Unreserved:				
Undesignated	1,128,663	206,690	0	581,454
Total Equity and Other Credits	2,632,355	229,370	1,576,663	1,078,614
Total Liabilities, Equity and Other Credits	\$18,914,719	\$395,984	\$3,571,221	\$21,629,843

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>		<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations		
\$92,960	\$1,006,146	\$55,097	\$0	\$0		\$11,865,267
0	0	0	0	0		14,348,718
0	0	0	0	0		18,999,786
637	0	55	0	0		14,991
23,174	0	0	0	0		23,174
0	0	0	0	0		2,109
0	0	0	0	0		131,321
430	0	0	0	0		430
23,845	0	0	0	0		55,361
0	0	0	0	0		272,954
231,248	0	0	29,395,401	0		29,626,649
0	0	0	0	1,576,663		1,576,663
0	0	0	0	16,260,262		16,260,262
<u>\$372,294</u>	<u>\$1,006,146</u>	<u>\$55,152</u>	<u>\$29,395,401</u>	<u>\$17,836,925</u>		<u>\$93,177,685</u>
\$10,301	\$731	\$0	\$0	\$0		\$140,479
27,888	0	0	0	0		1,749,838
61,868	0	0	0	0		131,321
71,067	0	0	0	140,935		651,165
0	0	0	0	0		430
0	0	35,766	0	0		35,766
0	0	3,227	0	0		3,227
0	0	0	0	0		49,136
0	0	0	0	0		18,185,186
13,808	0	0	0	0		13,808
0	139,369	0	0	0		139,369
0	0	0	0	0		18,400,000
0	0	0	0	14,604,537		14,604,537
41,357	0	0	0	1,899,478		1,940,835
0	0	0	0	206,975		206,975
0	0	0	0	985,000		985,000
<u>226,289</u>	<u>140,100</u>	<u>38,993</u>	<u>0</u>	<u>17,836,925</u>		<u>57,237,072</u>
0	0	0	29,395,401	0		29,395,401
113,359	0	0	0	0		113,359
32,646	866,046	0	0	0		898,692
0	0	0	0	0		904,462
0	0	0	0	0		814,600
0	0	0	0	0		272,954
0	0	0	0	0		31,516
0	0	0	0	0		1,576,663
0	0	16,159	0	0		1,932,966
<u>146,005</u>	<u>866,046</u>	<u>16,159</u>	<u>29,395,401</u>	<u>0</u>		<u>35,940,613</u>
<u>\$372,294</u>	<u>\$1,006,146</u>	<u>\$55,152</u>	<u>\$29,395,401</u>	<u>\$17,836,925</u>		<u>\$93,177,685</u>

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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$14,511,556	\$0	\$1,734,808	\$902,936	\$0	\$17,149,300
Tuition	18,240	3,993	0	0	0	22,233
Transportation Fees	6,453	0	0	0	0	6,453
Investment Earnings	392,121	0	0	148,360	0	540,481
Extracurricular Activities	0	286,818	0	0	981	287,799
Class Material and Fees	61,578	0	0	0	0	61,578
Intergovernmental - State	6,277,201	167,498	132,950	237,672	0	6,815,321
Intergovernmental - Federal	14,811	497,954	0	0	0	512,765
All Other Revenues	86,586	60,152	0	26,595	2,620	175,953
Total Revenues	21,368,546	1,016,415	1,867,758	1,315,563	3,601	25,571,883
Expenditures:						
Current:						
Instruction	13,090,864	411,768	0	92,034	0	13,594,666
Supporting Services:						
Pupils	949,298	74,439	0	0	0	1,023,737
Instructional Staff	549,024	19,255	0	0	0	568,279
Board of Education	444,556	0	0	0	0	444,556
Administration	2,174,704	90,515	0	0	0	2,265,219
Fiscal Services	489,469	0	30,811	16,429	0	536,709
Business	19,145	0	0	0	0	19,145
Operation and Maintenance of Plant	1,711,989	0	0	54,823	0	1,766,812
Pupil Transportation	890,859	518	0	0	0	891,377
Central	0	8,512	0	0	3,993	12,505
Community Services	0	105,495	0	13,508	0	119,003
Extracurricular Activities	376,551	311,800	0	0	0	688,351
Capital Outlay	0	0	0	692,106	0	692,106
Debt Service:						
Principal Retirements	0	0	1,095,000	0	0	1,095,000
Interest and Fiscal Charges	0	0	793,213	239,650	0	1,032,863
Total Expenditures	20,696,459	1,022,302	1,919,024	1,108,550	3,993	24,750,328
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	672,087	(5,887)	(51,266)	207,013	(392)	821,555
Other Financing Sources (Uses):						
Refunds of Prior Years' Expenditures	57,879	0	0	0	0	57,879
Operating Transfers In	0	16,200	228,083	217,110	0	461,393
Operating Transfers Out	(270,879)	0	(190,514)	0	0	(461,393)
Other Financing Sources - Capital Lease	0	0	0	112,702	0	112,702
Total Other Financing Sources (Uses)	(213,000)	16,200	37,569	329,812	0	170,581
Excess (Deficiency) of Revenues						
and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	459,087	10,313	(13,697)	536,825	(392)	992,136
Fund Balance Beginning of Year	2,173,268	219,057	1,590,360	541,789	16,551	4,541,025
Fund Balance End of Year	\$2,632,355	\$229,370	\$1,576,663	\$1,078,614	\$16,159	\$5,533,161

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 1999

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$14,454,073	\$14,454,073	\$0	\$0	\$0	\$0
Tuition	27,259	27,259	0	3,993	3,993	0
Transportation Fees	6,453	6,453	0	0	0	0
Investment Earnings	390,442	390,442	0	0	0	0
Extracurricular Activities	0	0	0	286,292	286,292	0
Class Material and Fees	60,910	60,910	0	0	0	0
Intergovernmental - State	6,277,201	6,277,201	0	167,498	167,498	0
Intergovernmental - Federal	14,811	14,811	0	501,461	501,461	0
All Other Revenues	90,474	90,474	0	59,548	59,548	0
Total Revenues	21,321,623	21,321,623	0	1,018,792	1,018,792	0
Expenditures:						
Current:						
Instruction	13,068,472	13,068,472	0	409,435	409,435	0
Supporting Services:						
Pupils	915,003	915,003	0	80,305	80,305	0
Instructional Staff	565,247	565,247	0	19,053	19,053	0
Board of Education	487,222	487,222	0	0	0	0
Administration	2,232,739	2,232,739	0	89,711	89,711	0
Fiscal Services	645,252	645,252	0	0	0	0
Business	12,815	12,815	0	0	0	0
Operation and Maintenance of Plant	1,897,332	1,897,332	0	0	0	0
Pupil Transportation	976,474	976,474	0	560	560	0
Central	0	0	0	9,477	9,477	0
Community Services	0	0	0	114,301	114,301	0
Extracurricular Activities	368,441	368,441	0	318,690	318,690	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	21,168,997	21,168,997	0	1,041,532	1,041,532	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	152,626	152,626	0	(22,740)	(22,740)	0
Other Financing Sources (Uses):						
Proceeds from Sale of Notes	0	0	0	0	0	0
Refunds of Prior Years' Expenditures	160,151	160,151	0	0	0	0
Other Financing Sources - Capital Lease	0	0	0	0	0	0
Operating Transfers In	0	0	0	16,200	16,200	0
Operating Transfers Out	(42,796)	(42,796)	0	0	0	0
Advances In	134,365	134,365	0	57,242	57,242	0
Advances Out	(119,111)	(119,111)	0	(109,488)	(109,488)	0
Total Other Financing Sources (Uses)	132,609	132,609	0	(36,046)	(36,046)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	285,235	285,235	0	(58,786)	(58,786)	0
Fund Balance at Beginning of Year	2,888,960	2,888,960	0	391,866	391,866	0
Prior Year Encumbrances	181,480	181,480	0	5,690	5,690	0
Fund Balance at End of Year	\$3,355,675	\$3,355,675	\$0	\$338,770	\$338,770	\$0

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 1999

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,962,891	\$1,962,891	\$0	\$797,936	\$797,936	\$0	\$17,214,900	\$17,214,900	\$0
0	0	0	0	0	0	31,252	31,252	0
0	0	0	0	0	0	6,453	6,453	0
0	0	0	129,322	129,322	0	519,764	519,764	0
0	0	0	0	0	0	286,292	286,292	0
0	0	0	0	0	0	60,910	60,910	0
132,950	132,950	0	237,672	237,672	0	6,815,321	6,815,321	0
0	0	0	0	0	0	516,272	516,272	0
0	0	0	26,595	26,595	0	176,617	176,617	0
2,095,841	2,095,841	0	1,191,525	1,191,525	0	25,627,781	25,627,781	0
0	0	0	149,773	149,773	0	13,627,680	13,627,680	0
0	0	0	0	0	0	995,308	995,308	0
0	0	0	0	0	0	584,300	584,300	0
0	0	0	0	0	0	487,222	487,222	0
0	0	0	0	0	0	2,322,450	2,322,450	0
30,811	30,811	0	16,429	16,429	0	692,492	692,492	0
0	0	0	0	0	0	12,815	12,815	0
0	0	0	167,202	167,202	0	2,064,534	2,064,534	0
0	0	0	0	0	0	977,034	977,034	0
0	0	0	0	0	0	9,477	9,477	0
0	0	0	13,508	13,508	0	127,809	127,809	0
0	0	0	0	0	0	687,131	687,131	0
0	0	0	942,523	942,523	0	942,523	942,523	0
10,995,000	10,995,000	0	0	0	0	10,995,000	10,995,000	0
983,727	983,727	0	0	0	0	983,727	983,727	0
12,009,538	12,009,538	0	1,289,435	1,289,435	0	35,509,502	35,509,502	0
(9,913,697)	(9,913,697)	0	(97,910)	(97,910)	0	(9,881,721)	(9,881,721)	0
9,900,000	9,900,000	0	18,400,000	18,400,000	0	28,300,000	28,300,000	0
0	0	0	0	0	0	160,151	160,151	0
0	0	0	87,596	87,596	0	87,596	87,596	0
0	0	0	26,596	26,596	0	42,796	42,796	0
0	0	0	0	0	0	(42,796)	(42,796)	0
0	0	0	0	0	0	191,607	191,607	0
0	0	0	0	0	0	(228,599)	(228,599)	0
9,900,000	9,900,000	0	18,514,192	18,514,192	0	28,510,755	28,510,755	0
(13,697)	(13,697)	0	18,416,282	18,416,282	0	18,629,034	18,629,034	0
1,590,360	1,590,360	0	396,077	396,077	0	5,267,263	5,267,263	0
0	0	0	213,538	213,538	0	400,708	400,708	0
\$1,576,663	\$1,576,663	\$0	\$19,025,897	\$19,025,897	\$0	\$24,297,005	\$24,297,005	\$0

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Tuition and Fees	\$82,262	\$0	\$82,262
Sales	662,952	0	662,952
Charges for Service	0	1,912,299	1,912,299
Other Operating Revenues	267,103	0	267,103
Total Operating Revenues	1,012,317	1,912,299	2,924,616
<u>Operating Expenses:</u>			
Salaries and Wages	482,268	0	482,268
Fringe Benefits	195,344	0	195,344
Contractual Services	39,144	187,733	226,877
Materials and Supplies	572,892	0	572,892
Insurance Expense	0	1,614,252	1,614,252
Depreciation	24,650	0	24,650
Other Operating Expenses	7,978	0	7,978
Total Operating Expenses	1,322,276	1,801,985	3,124,261
Operating Income (Loss)	(309,959)	110,314	(199,645)
<u>Non-Operating Revenues:</u>			
Operating Grants	158,610	0	158,610
Federally Donated Commodities	51,314	0	51,314
Investment Earnings	430	0	430
Refund of Prior Year Expenses	410	0	410
Total Non-Operating Revenues	210,764	0	210,764
Net Income (Loss)	(99,195)	110,314	11,119
Retained Earnings at Beginning of Year	131,841	755,732	887,573
Retained Earnings at End of Year	\$32,646	\$866,046	\$898,692

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$929,898	\$0	\$929,898
Cash Received from Tuition and Fee Payments	82,262	0	82,262
Cash Received from Interfund Charges	0	1,912,299	1,912,299
Cash Payments for Goods and Services	(560,557)	(187,800)	(748,357)
Cash Payments to Employees for Services and Benefits	(652,767)	(1,614,335)	(2,267,102)
Net Cash Provided (Used) for Operating Activities	<u>(201,164)</u>	<u>110,164</u>	<u>(91,000)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Receipt of Interfund Loan Proceeds	61,868	0	61,868
Repayment of Interfund Loans	(24,876)	0	(24,876)
Operating Grants Received	154,373	0	154,373
Net Cash Provided by Noncapital Financing Activities	<u>191,365</u>	<u>0</u>	<u>191,365</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,799)	110,164	100,365
Cash and Cash Equivalents at Beginning of Year	102,759	895,982	998,741
Cash and Cash Equivalents at End of Year	<u>\$92,960</u>	<u>\$1,006,146</u>	<u>\$1,099,106</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:</u>			
Operating Income (Loss)	(\$309,959)	\$110,314	(\$199,645)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Depreciation Expense	24,650	0	24,650
Donated Commodities Used During the Year	51,314	0	51,314
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(157)	0	(157)
Increase in Inventory	(4,593)	0	(4,593)
Increase (Decrease) in Accounts Payable	8,916	(67)	8,849
Decrease in Accrued Wages and Benefits	(4,713)	0	(4,713)
Increase in Intergovernmental Payables	26,420	0	26,420
Increase in Deferred Revenue	3,230	0	3,230
Decrease in Claims Payable	0	(83)	(83)
Increase in Compensated Absences	3,728	0	3,728
Total Adjustments	<u>108,795</u>	<u>(150)</u>	<u>108,645</u>
Net Cash Provided (Used) for Operating Activities	<u>(\$201,164)</u>	<u>\$110,164</u>	<u>(\$91,000)</u>

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Marysville Exempted Village School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 135 noncertified and approximately 252 certified teaching personnel and administrative employees providing education to 3,815 students.

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

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

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

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

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

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

C. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 1999, and which are not intended to finance fiscal 1999 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

D. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$459,087	\$10,313	(\$13,697)	\$536,825
Increase (Decrease):				
Accrued Revenues at June 30, 1999, received during FY 2000	(856,045)	(1,284)	0	(105,000)
Accrued Revenues at June 30, 1998, received during FY 1999	1,154,301	3,661	0	0
Accrued Expenditures at June 30, 1999, paid during FY 2000	2,172,508	166,614	0	70,457
Accrued Expenditures at June 30, 1998, paid during FY 1999	(2,075,991)	(182,160)	0	(67,826)
FY 1998 Prepays for FY 1999	24,518	0	0	0
FY 1999 Prepays for FY 2000	(31,516)	0	0	0
Proceeds of Notes	0	0	0	18,400,000
Adjustment to Fair Value	0	0	0	(19,038)
Encumbrances Outstanding	(561,627)	(55,930)	0	(399,136)
Budget Basis	<u>\$285,235</u>	<u>(\$58,786)</u>	<u>(\$13,697)</u>	<u>\$18,416,282</u>

E. Cash and Cash Equivalents

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

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

The District has invested funds in the STAR Ohio during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1998. See Note 3, Cash, Cash Equivalents and Investments.

G. Inventory

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

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund

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

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

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

I. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund
Compensated Absences	General Fund, Food Services Fund and Day Care Fund

J. Compensated Absences

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

K. Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

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

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

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

M. Restricted Assets

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

N. Reservations of Fund Balance

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

O. Total Columns on Combined Financial Statements

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 1999 of \$25,856 in the Title VI-B Special Education Fund, \$6,789 in the Grant One Fund and \$74,222 in the Title I Fund (special revenue funds) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the District's deposits was an overdraft of \$6,296,068 and the bank balance was \$444,717. The Federal Deposit Insurance Corporation (FDIC) covered \$200,000 of the bank balance and all remaining deposits were classified as Category 3.

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

B. Investments

The District's investments at June 30, 1999 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Federal Agency Securities	\$14,348,718	\$0	\$14,348,718
Repurchase Agreement	0	18,420,000	18,420,000
Total Categorized Investments	14,348,718	18,420,000	32,768,718
<u>Non-Categorized Investments</u>			
Star Ohio	N/A	N/A	14,289
Total Investments	<u>\$14,348,718</u>	<u>\$18,420,000</u>	<u>\$32,783,007</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$12,138,221	\$14,348,718
Repurchase Agreements	(18,420,000)	18,420,000
STAR Ohio	(14,289)	14,289
Per GASB Statement No. 3	<u>(\$6,296,068)</u>	<u>\$32,783,007</u>

NOTE 4 - PROPERTY TAXES

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 4 - PROPERTY TAXES (Continued)

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Marysville Exempted Village School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 1999, upon which the 1998 levies were based, were as follows:

	Assessed Values for Collection in:	
	1998 Second Half	1999 First Half
Agricultural/Residential and Other Real Estate	\$268,130,660	\$323,985,950
Public Utility Personal	44,186,820	47,344,370
Tangible Personal Property	129,994,810	134,402,490
Total Assessed Value	<u>\$442,312,290</u>	<u>\$505,732,810</u>
Tax rate per \$1,000 of assessed valuation	\$42.56	\$47.56

NOTE 5 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts, and intergovernmental receivables.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds at June 30, 1999:

A. Interfund Loans Receivable/Payable

	Interfund Receivables	Interfund Payables
General Fund	\$131,321	\$0
Special Revenue Funds:		
Auxillary Services Fund	0	2,503
Title VI-B Fund	0	10,018
Grant One Fund	0	5,373
Chapter I Fund	0	38,305
Alcohol and Drug Abuse Fund	0	3,804
Pacesetter Grant Fund	0	9,450
Total Special Revenue Funds	0	69,453
Enterprise Funds:		
Food Service Fund	0	21,918
Day Care Fund	0	39,950
Total Enterprise Funds	0	61,868
Totals	<u>\$131,321</u>	<u>\$131,321</u>

B. Due to/from Other Funds

	Due from Other Funds	Due to Other Funds
General Fund	\$0	\$430
Enterprise Fund:		
Food Service Fund	430	0
Totals	<u>\$430</u>	<u>\$430</u>

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for the fiscal year 1999:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$270,879
Special Revenue Funds:		
District Managed Student Activity Fund	16,200	0
Bond Retirement Fund	228,083	190,514
Capital Projects Funds:		
Permanent Improvement Fund	26,596	0
Building Fund	190,514	0
Totals Capital Projects Funds	217,110	0
Total All Funds	\$461,393	\$461,393

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 1999:

Class	June 30, 1998	Additions	Deletions	June 30, 1999
Land	\$185,434	\$0	\$0	\$185,434
Buildings	26,081,557	0	0	26,081,557
Machinery and Equipment	1,631,409	431,855	0	2,063,264
Vehicles	815,505	16,873	0	832,378
Construction In Progress	0	232,768	0	232,768
Totals	\$28,713,905	\$681,496	\$0	\$29,395,401

B. Proprietary Fixed Assets

Summary by Category at June 30, 1999:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$439,141	(\$207,893)	\$231,248
Total Property, Plant and Equipment	\$439,141	(\$207,893)	\$231,248

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 1998, (the latest information available) 9.02% was allocated to fund the pension benefit and 4.98% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$411,276, \$323,022, and \$328,746, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 1998 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay has been established as \$12,400 and the surcharge amounted to \$42,265.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment of benefits at June 30, 1998 was \$160.3 million, at cost.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to the STRS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$1,584,288, \$1,373,388, and \$1,302,360, respectively, which were equal to the required contributions for each year.

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 3.5% of covered payroll, to a health care reserve fund. The balance of the Health Care Reserve Fund was \$2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8% of covered payroll. For the fiscal year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

NOTE 10 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 1999, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	Sick Leave	Vacation and Personal	Total
Liability	\$1,684,260	\$215,218	\$1,899,478

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the bonds, installment loan, intergovernmental payable, compensated absences, and capital leases of the District for the year ended June 30, 1999 is as follows:

		Balance June 30, 1998	Issued (Retired)	Balance June 30, 1999
General Long-Term Debt:				
(General Obligation Bonds)				
Fiscal Agent Library	7.00%	\$400,000	(\$100,000)	\$300,000
New High School	7.13%	7,359,999	(795,000)	6,564,999
New Elementary Additions	5.79%	7,769,538	(30,000)	7,739,538
Total General Obligation Bonds		15,529,537	(925,000)	14,604,537
(Installment Loans)				
Energy Conservation Project	4.95%	1,015,000	(150,000)	865,000
Energy Conservation Project	5.60%	140,000	(20,000)	120,000
Total Installment Loans		1,155,000	(170,000)	985,000
Total General Long-Term Debt		16,684,537	(1,095,000)	15,589,537
Other General Long-Term Obligations:				
Intergovernmental Payable		101,822	39,113	140,935
Compensated Absences		1,840,491	58,987	1,899,478
Capital Leases Payable		176,234	112,702	288,936
			(81,961)	206,975
Total Other General Long-Term Obligations		2,118,547	128,841	2,247,388
Total General Long-Term Debt and Other General Long-Term Obligations		\$18,803,084	(\$966,159)	\$17,836,925

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

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 1999, follows:

Years	General Obligation Bonds		Installment Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$940,000	\$677,550	\$175,000	\$49,538	\$1,115,000	\$727,088
2001	945,000	618,330	190,000	40,745	1,135,000	659,075
2002	950,000	564,714	200,000	31,178	1,150,000	595,892
2003	845,000	520,420	205,000	21,115	1,050,000	541,535
2004	895,000	477,523	215,000	10,805	1,110,000	488,328
2005-2009	2,934,999	3,969,798	0	0	2,934,999	3,969,798
2010-2014	2,472,939	3,562,953	0	0	2,472,939	3,562,953
2015-2024	4,621,599	3,543,857	0	0	4,621,599	3,543,857
Totals	\$14,604,537	\$13,935,145	\$985,000	\$153,381	\$15,589,537	\$14,088,526

B. Defeased Debt

In December 1993, the District defeased \$6,165,000 of General Obligation Bonds for the High School Building, dated April 1, 1990, through the issuance of \$6,084,999 of General Obligation Bonds for the High School Building. The net proceeds of the 1993 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$6,165,000 at June 30, 1999, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 12 - CAPITALIZED LEASES

The District leases several pieces of equipment and vehicles (2 copiers, computer equipment and 8 school buses) under capital leases. The cost of the equipment obtained under capital leases is included in the General Fixed Assets Account Group and the related liability included in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 1999:

Year Ending June 30,	Capital Lease
2000	\$91,961
2001	87,316
2002	25,106
2003	25,106
Minimum Lease Payments	229,489
Less: Amount representing interest at the District's incremental borrowing rate of interest	(22,514)
Present Value of minimum lease payments	<u>\$206,975</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales, Special Services and a Day Care program. The key financial information for the year ended June 30, 1999 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Special Services Rotary	Day Care	Total
Operating Revenues	\$662,952	\$82,262	\$12,526	\$254,577	\$1,012,317
Depreciation Expense	23,281	0	0	1,369	24,650
Operating Income (Loss)	(255,826)	(19,928)	6,059	(40,264)	(309,959)
Net Income (Loss)	(45,472)	(19,928)	6,059	(39,854)	(99,195)
Operating Grants	158,610	0	0	0	158,610
Federally Donated Commodities	51,314	0	0	0	51,314
Total Assets	275,431	3,595	7,130	86,138	372,294
Net Working Capital	(61,972)	875	6,506	10,705	(43,886)
Total Equity	124,241	875	6,506	14,383	146,005

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 1999 the District contracted with several different insurance providers for various insurance coverages, as follows:

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

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

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

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

The claims liability of \$139,369 reported in the fund at June 30, 1999 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 1999 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
1998	\$165,449	\$1,630,440	(\$1,656,437)	\$139,452
1999	139,452	1,614,252	(1,614,335)	139,369

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 15 - CONTRIBUTED CAPITAL

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

	Food Service Fund
Contributed Capital at June 30, 1999	<u>\$113,359</u>

NOTE 16 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$107,402	\$107,402
Current Year Set-Aside Requirement	335,620	335,620	165,552	836,792
Current Year Offset Credits	0	0	0	0
Qualifying Disbursements	(363,632)	(394,423)	0	(758,055)
Total	<u>(\$28,012)</u>	<u>(\$58,803)</u>	<u>\$272,954</u>	<u>\$186,139</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$272,954</u>	<u>\$272,954</u>
Amount Restricted for Budget Stabilization				<u>272,954</u>
Total Restricted Assets				<u>\$272,954</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts 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.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

NOTE 17 – CONTINGENCIES (Continued)

B. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$5,225,276 of school foundation support for its general fund. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional. As of the date of these financial statements, the 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.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor; PASS-THROUGH GRANTOR; Program Title	Pass- Through Grantor Number	Federal CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Dept. of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	-	10.550	\$0	\$52,400	\$0	\$51,314
National School Lunch	03/04 - PU	10.555	147,949	-	147,949	-
Total U.S. Dept. of Agriculture - Child Nutrition Cluster			147,949	52,400	147,949	51,314
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Dept. of Education</i>						
Special Education Grants to States and Special Education - Preschool Grants	PG - S1	84.027	153,230	-	168,328	-
Special Education Grants to States and Special Education - Preschool Grants	PG - S1	84.173	4,563	-	7,929	-
Total Special Education Cluster			157,793	-	176,257	-
Title I, Part A, IASA	C1 - S1	84.010	222,561	-	279,402	-
Vocational Education - Basic Grants to States		84.048	59,225	-	72,202	-
Safe and Drug Free Schools - State Grants Title IV, Part A, Subpart 1 of ESEA	DR-S1	84.186	11,732	-	31,765	-
Goals 2000 - State and Local Education Systemic Improvement		84.276	32,500	-	-	-

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

Federal Grantor; PASS-THROUGH GRANTOR; Program Title	Pass- Through Grantor Number	Federal CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Eisenhower Professional Development State Grants Title II, Part B	MS - S1	84.281	12,763	-	10,941	-
Innovative Education Program Strategies	C2 - S1	84.298	-	-	13,058	-
Total Dept. of Education			496,574	-	583,625	-
<u>U.S. Department of Labor</u>						
<i>Passed Through Ohio Dept. of Education</i>						
Employment Services and Training		17.249	9,450	-	8,113	-
Total Federal Assistance			\$653,973	\$52,400	\$739,687	\$51,314

See accompanying notes to this schedule.

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

- Note A - The accompanying schedule of federal awards receipts and expenditures is a summary of the activities of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.
- Note B - Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first.



STATE OF OHIO
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of Marysville Exempted Village School District, Union County, Ohio (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

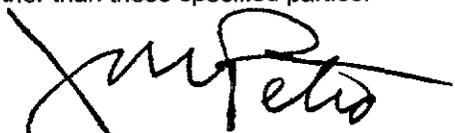
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 31, 2000.

Board of Education
Marysville Exempted Village School District
Union County
Report on Compliance and On Internal Control
Required By *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Retro", written over a circular stamp or seal.

JIM RETRO
Auditor of State

January 31, 2000



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

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

Compliance

We have audited the compliance of Marysville Exempted Village School District, Union County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

Board of Education
Marysville Exempted Village School District
Union County
Report on Compliance With Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
In Accordance With OMB Circular A-133
Page 2

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

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



JIM PETRO
Auditor of State

January 31, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

JUNE 30, 1999

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, IASA - CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
(Continued)**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, UNION COUNTY

CLERK'S CERTIFICATION

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

By: _____

Susan Babbitt

Clerk of the Bureau

Date: _____

APR 06 2000