

Norman  
Jones  
Enlow  
& Co.

Certified Public Accountants  
& Management Consultants

**MAYSVILLE LOCAL SCHOOL DISTRICT  
ANNUAL REPORT  
June 30, 1999**

**MAYSVILLE LOCAL SCHOOL DISTRICT  
ANNUAL REPORT  
June 30, 1999**

**MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
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MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
ELECTED OFFICIALS  
AS OF JUNE 30, 1999

<u>Title/Name</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
<u>Board of Education:</u>				
<u>President</u>				
Kelly Cottrill	1/1/96-12/31/99	N/A	N/A	N/A
<u>Vice President</u>				
Ralph Smith	1/1/96-12/31/99	N/A	N/A	N/A
<u>Members</u>				
Sherry Ziemer	1/1/98-12/31/01	N/A	N/A	N/A
Robert Lake	1/1/96-12/31/99	N/A	N/A	N/A
Shirley Smith	1/1/98-12/31/01	N/A	N/A	N/A

Statutory Legal Counsel

D. Michael Haddox  
Prosecuting Attorney  
27 North Fifth Street  
Zanesville, Ohio 43701

Official Address

Maysville Local School District  
P. O. Box 1818  
South Zanesville, Ohio 43702-1818

MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 1999

<u>Name/Title</u>	<u>Contract Period</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
<u>Treasurer</u> Lew Sidwell	1/1/99 - 12/31/03	(A)	\$20,000	1/1/99 - 12/31/03
<u>Superintendent</u> Hank Garvarkavich	8/1/98 - 8/1/01	N/A	N/A	N/A
<u>Administrative Assistant</u> Lanny Butler	8/1/97 - 7/31/00	N/A	N/A	N/A

(A) Nationwide Mutual Insurance Company

**MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES:**

**General Fund Type:**

- **General Fund**

**Special Revenue Fund Types:**

- **Public School Support Fund**
- **District Managed Activities Funds**
- **Guidance Grant**
- **Library Automation**
- **Education Management Information System Fund**
- **Disadvantaged Pupil Impact Aid Fund**
- **Eisenhower Math and Science Fund**
- **Special Education Grants to States (IDEA Part B)**
- **Service Learning Grant**
- **Federal, State and Local Partnership for Educational Improvement (Chapter 2 of ESEA) Fund**
- **Early Childhood (Latchkey) Fund**
- **Drug Free Schools Grant**
- **Venture Capital Fund**
- **Preschool Grant Fund**
- **Data Communication Support Fund**
- **Title VI-B**
- **Vocational Reimbursement, Mileage**
- **Title I**
- **Instructional Material Subsidy**
- **School Conflict Grant**
- **SchoolNet Professional Development/Schools on the Move**
- **Classroom Facilities Maintenance**
- **Teacher Development**

**Debt Service Fund Type:**

- **Bond Retirement Fund**

**Capital Project Fund Types:**

- **Permanent Improvement Fund**
- **Emergency Repair Fund**
- **School Net Fund**
- **Tech Equity Fund**
- **Classroom Facilities**
- **Vocational Education Equipment**
- **Video Distance Learning**

**Expendable Trust Fund Type:**

- **Scholarship Funds**

**MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
INDEX OF FUNDS**

**PROPRIETARY FUND TYPES:**

**Enterprise Fund Types:**

- **Food Services Fund**
- **Uniform School Supplies Fund**
- **Kindergarten Snacks & Supplies**

**Internal Service Fund Types:**

- **Employee Benefits Self-Insurance**

**AGENCY FUND TYPE:**

- **Student Managed Activities Fund**

**ACCOUNT GROUPS:**

- **General Long-Term Obligations Account Group**
- **General Fixed Assets Account Group**



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Board of Education  
Maysville Local School District  
South Zanesville, Ohio

We have reviewed the independent auditor's report of Maysville Local School District, Muskingum County, prepared by Norman, Jones, Enlow & Co., Certified Public Accountants, for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Maysville Local School District is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

May 4, 2000

Norman  
Jones  
Enlow  
& Co.

Certified Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Maysville Local School District  
South Zanesville, Ohio

We have audited the accompanying general purpose financial statements of the Maysville Local School 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 general purpose financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, 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 Maysville Local School District 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.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 1999, on our consideration of Maysville Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Norman Jones Enlow & Co.*

Zanesville, Ohio  
December 23, 1999

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**Maysville Local School District, Ohio**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$1,287,365	\$274,171	\$144,151	\$1,050,584
Investments	0	0	0	4,467,120
Cash and Cash Equivalents in Segregated Accounts	0	283	0	0
Cash and Cash Equivalents with Fiscal Agents	0	467	0	0
<u>Receivables:</u>				
Property Taxes	2,552,593	58,538	465,616	0
Accounts	315	255	0	0
Intergovernmental	12,787	453	0	6,924
Accrued Interest	0	0	0	37,570
Interfund	93,102	0	0	0
Due from Other Funds	0	0	0	149
Materials and Supplies Inventory	1,794	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	11,176	0	0	1,833
<u>Restricted Assets:</u>				
Cash and Cash Equivalents	120,296	0	0	115,616
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$4,079,428</b>	<b>\$334,167</b>	<b>\$609,767</b>	<b>\$5,679,796</b>
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$26,207	\$10,465	\$0	\$687
Contracts Payable	1,440	0	0	369,733
Accrued Salaries and Benefits Payable	1,139,160	92,629	0	0
Intergovernmental Payable	223,950	9,520	0	0
Interfund Payable	0	83,313	0	9,789
Due to Other Funds	0	0	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Deferred Revenue	1,843,176	42,133	320,806	0
Notes Payable	0	0	0	0
Compensated Absences Payable	23,003	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,256,936</b>	<b>238,060</b>	<b>320,806</b>	<b>380,209</b>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
<u>Retained Earnings:</u>				
Unreserved (Deficit)	0	0	0	0
<u>Fund Balances:</u>				
Reserved for Encumbrances	43,506	6,276	0	19,811
Reserved for Budget Stabilization	120,296	0	0	0
Reserved for Bus Purchases	0	0	0	115,616
Reserved for Inventory	1,794	0	0	0
Reserved for Property Taxes	709,417	16,405	144,810	0
Unreserved, Designated for Budget Stabilization	11,367	0	0	0
Unreserved, Undesignated (Deficit)	(63,888)	73,426	144,151	5,164,160
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>822,492</b>	<b>96,107</b>	<b>288,961</b>	<b>5,299,587</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$4,079,428</b>	<b>\$334,167</b>	<b>\$609,767</b>	<b>\$5,679,796</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$41,941	\$66,589	\$41,158	\$0	\$0	\$2,905,959
0	0	0	0	0	4,467,120
0	0	355	0	0	638
0	0	0	0	0	467
0	0	0	0	0	3,076,747
586	0	0	0	0	1,156
30,004	0	0	0	0	50,168
0	0	149	0	0	37,719
0	0	0	0	0	93,102
0	0	0	0	0	149
732	0	0	0	0	2,526
5,590	0	0	0	0	5,590
0	0	0	0	0	13,009
0	0	0	0	0	235,912
25,835	0	0	7,300,361	0	7,326,196
0	0	0	0	288,961	288,961
0	0	0	0	5,602,567	5,602,567
<u>\$104,688</u>	<u>\$66,589</u>	<u>\$41,662</u>	<u>\$7,300,361</u>	<u>\$5,891,528</u>	<u>\$24,107,986</u>
\$1,268	\$0	\$0	\$0	\$0	\$38,627
0	0	0	0	0	371,173
45,641	25,800	0	0	0	1,303,230
19,470	0	0	0	96,832	349,772
0	0	0	0	0	93,102
0	0	149	0	0	149
0	0	39,807	0	0	39,807
0	0	355	0	0	355
2,236	0	0	0	0	2,208,351
0	0	0	0	4,732,000	4,732,000
19,176	0	0	0	857,605	899,784
0	191,324	0	0	0	191,324
0	0	0	0	52,091	52,091
0	0	0	0	153,000	153,000
<u>87,791</u>	<u>217,124</u>	<u>40,311</u>	<u>0</u>	<u>5,891,528</u>	<u>10,432,765</u>
0	0	0	7,300,361	0	7,300,361
16,897	(150,535)	0	0	0	(133,638)
0	0	0	0	0	69,593
0	0	0	0	0	120,296
0	0	0	0	0	115,616
0	0	0	0	0	1,794
0	0	0	0	0	870,632
0	0	0	0	0	11,367
0	0	1,351	0	0	5,319,200
<u>16,897</u>	<u>(150,535)</u>	<u>1,351</u>	<u>7,300,361</u>	<u>0</u>	<u>13,675,221</u>
<u>\$104,688</u>	<u>\$66,589</u>	<u>\$41,662</u>	<u>\$7,300,361</u>	<u>\$5,891,528</u>	<u>\$24,107,986</u>

**Maysville Local School District, Ohio**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Similar Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Property Taxes	\$2,198,035	\$38,097	\$326,645	\$0
Intergovernmental	7,641,095	532,765	0	867,709
Interest	0	0	0	209,834
Tuition and Fees	11,415	71,636	0	0
Extracurricular Activities	0	134,701	0	0
Miscellaneous	24,923	0	0	100
<b>Total Revenues</b>	<b>9,875,468</b>	<b>777,199</b>	<b>326,645</b>	<b>1,077,643</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	4,554,329	251,903	0	2,927
Special	578,706	262,410	0	0
Vocational	77,988	0	0	0
Adult/Continuing	0	12,016	0	0
Other	46,923	0	0	0
<b>Support Services:</b>				
Pupils	320,652	25,776	0	0
Instructional Staff	703,312	152,635	0	0
Board of Education	37,992	0	0	0
Administration	1,104,871	500	0	0
Fiscal	214,639	0	0	0
Operation and Maintenance of Plant	935,219	494	0	50,187
Pupil Transportation	553,899	1,385	0	0
Central	35,166	7,614	0	0
Operation of Non-Instructional Services	0	3,804	0	0
Extracurricular Activities	121,785	141,843	0	0
Capital Outlay	1,371	0	0	1,441,114
<b>Debt Service:</b>				
Principal Retirement	39,127	0	55,000	0
Interest and Fiscal Charges	6,909	0	16,728	0
<b>Total Expenditures</b>	<b>9,332,888</b>	<b>860,380</b>	<b>71,728</b>	<b>1,494,228</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>542,580</b>	<b>(83,181)</b>	<b>254,917</b>	<b>(416,585)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	5,050	0	0	0
Proceeds from Sale of Notes	0	0	0	4,732,000
Operating Transfers In	0	0	0	200,000
Operating Transfers Out	(200,000)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(194,950)</b>	<b>0</b>	<b>0</b>	<b>4,932,000</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>347,630</b>	<b>(83,181)</b>	<b>254,917</b>	<b>4,515,415</b>
<b>Fund Balances at Beginning of Year</b>	<b>473,678</b>	<b>179,288</b>	<b>34,044</b>	<b>784,172</b>
<b>Increase in Reserve for Inventory</b>	<b>1,184</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$822,492</b>	<b>\$96,107</b>	<b>\$288,961</b>	<b>\$5,299,587</b>

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$0	\$2,562,777
0	9,041,569
0	209,834
0	83,051
0	134,701
0	25,023
<hr/>	<hr/>
0	12,056,955
<hr/>	<hr/>
0	4,809,159
0	841,116
0	77,988
0	12,016
0	46,923
0	346,428
0	855,947
0	37,992
0	1,105,371
0	214,639
0	985,900
0	555,284
0	42,780
0	3,804
0	263,628
0	1,442,485
0	94,127
0	23,637
<hr/>	<hr/>
0	11,759,224
<hr/>	<hr/>
0	297,731
<hr/>	<hr/>
0	5,050
0	4,732,000
0	200,000
0	(200,000)
<hr/>	<hr/>
0	4,737,050
<hr/>	<hr/>
0	5,034,781
1,351	1,472,533
0	1,184
<hr/>	<hr/>
\$1,351	\$6,508,498

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$21,692	\$21,692	\$68,372	\$215,879	\$147,507
531,671	532,765	1,094	0	0	0
0	0	0	0	0	0
78,299	71,660	(6,639)	0	0	0
130,000	135,560	5,560	0	0	0
0	0	0	0	0	0
<u>739,970</u>	<u>761,677</u>	<u>21,707</u>	<u>68,372</u>	<u>215,879</u>	<u>147,507</u>
290,345	261,950	28,395	0	0	0
273,320	260,752	12,568	0	0	0
0	0	0	0	0	0
18,396	12,418	5,978	0	0	0
0	0	0	0	0	0
17,703	26,867	(9,164)	0	0	0
212,336	151,129	61,207	0	0	0
0	0	0	0	0	0
0	500	(500)	0	0	0
0	0	0	0	0	0
23,000	494	22,506	0	0	0
3,863	1,633	2,230	0	0	0
8,334	7,614	720	0	0	0
8,891	4,200	4,691	0	0	0
174,390	142,493	31,897	0	0	0
0	0	0	0	0	0
0	0	0	55,000	55,000	0
0	0	0	163,372	16,728	146,644
<u>1,030,578</u>	<u>870,050</u>	<u>160,528</u>	<u>218,372</u>	<u>71,728</u>	<u>146,644</u>
<u>(290,608)</u>	<u>(108,373)</u>	<u>182,235</u>	<u>(150,000)</u>	<u>144,151</u>	<u>294,151</u>
0	0	0	0	0	0
0	0	0	0	0	0
83,314	83,314	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>83,314</u>	<u>83,314</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(207,294)	(25,059)	182,235	(150,000)	144,151	294,151
260,439	260,439	0	0	0	0
25,792	25,792	0	0	0	0
<u>\$78,937</u>	<u>\$261,172</u>	<u>\$182,235</u>	<u>(\$150,000)</u>	<u>\$144,151</u>	<u>\$294,151</u>

(Continued)

**Maysville Local School District, Ohio**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Similar Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**  
(Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$0	\$0	\$0
Intergovernmental	270,486	860,785	590,299
Interest	131,839	172,697	40,858
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	100	100	0
<b>Total Revenues</b>	<b>402,425</b>	<b>1,033,582</b>	<b>631,157</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	208,039	219,155	(11,116)
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
<b>Support Services:</b>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	735,746	734,981	765
Pupil Transportation	182,079	169,157	12,922
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	5,032,000	534,401	4,497,599
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>6,157,864</b>	<b>1,657,694</b>	<b>4,500,170</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(5,755,439)</b>	<b>(624,112)</b>	<b>5,131,327</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets	0	0	0
Proceeds from Sale of Notes	0	4,732,000	4,732,000
Advances In	0	9,789	9,789
Operating Transfer In	0	200,000	200,000
Operating Transfer Out	0	0	0
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>4,941,789</b>	<b>4,941,789</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(5,755,439)</b>	<b>4,317,677</b>	<b>10,073,116</b>
<b>Fund Balances at Beginning of Year</b>	<b>748,340</b>	<b>748,340</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>70,051</b>	<b>70,051</b>	<b>0</b>
<b>Fund Balances (Deficits) at End of Year</b>	<b>(\$4,937,048)</b>	<b>\$5,136,068</b>	<b>\$10,073,116</b>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,973,203	\$2,383,967	\$410,764
0	0	0	7,287,401	9,052,469	1,765,068
0	0	0	131,839	172,697	40,858
0	0	0	92,016	87,883	(4,133)
0	0	0	130,000	135,560	5,560
0	0	0	19,756	23,347	3,591
0	0	0	9,634,215	11,855,923	2,221,708
0	0	0	5,185,257	5,002,603	182,654
0	0	0	973,021	863,360	109,661
0	0	0	119,999	77,560	42,439
0	0	0	18,396	12,418	5,978
0	0	0	41,306	46,923	(5,617)
0	0	0	326,566	340,254	(13,688)
0	0	0	653,971	818,141	(164,170)
0	0	0	27,824	39,742	(11,918)
0	0	0	1,046,525	1,128,489	(81,964)
0	0	0	197,197	218,504	(21,307)
0	0	0	1,615,806	1,680,538	(64,732)
0	0	0	743,322	717,174	26,148
0	0	0	42,812	42,740	72
850	0	850	9,741	4,200	5,541
0	0	0	311,125	266,397	44,728
0	0	0	5,034,540	535,772	4,498,768
0	0	0	55,000	55,000	0
0	0	0	163,372	16,728	146,644
850	0	850	16,565,780	11,866,543	4,699,237
(850)	0	850	(6,931,565)	(10,620)	6,920,945
0	0	0	5,050	5,050	0
0	0	0	0	4,732,000	4,732,000
0	0	0	83,314	93,103	9,789
0	0	0	0	200,000	200,000
0	0	0	(165,000)	(200,000)	(35,000)
0	0	0	0	(93,103)	(93,103)
0	0	0	(76,636)	4,737,050	4,813,686
(850)	0	850	(7,008,201)	4,726,430	11,734,631
1,351	1,351	0	1,988,310	1,988,310	0
0	0	0	167,793	167,793	0
\$501	\$1,351	\$850	(\$4,852,098)	\$6,882,533	\$11,734,631

**Maysville Local 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**

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Revenues:</u>			
Sales	\$380,275	\$0	\$380,275
Charges for Services	0	1,090,191	1,090,191
Other Operating Revenues	138	0	138
<b>Total Revenues</b>	<b>380,413</b>	<b>1,090,191</b>	<b>1,470,604</b>
<u>Expenses:</u>			
Salaries	198,862	25,800	224,662
Fringe Benefits	98,580	0	98,580
Purchased Services	5,113	153,950	159,063
Materials and Supplies	34,128	0	34,128
Cost of Sales	277,683	0	277,683
Claims	0	895,264	895,264
Depreciation	5,415	0	5,415
Other	242	0	242
<b>Total Expenses</b>	<b>620,023</b>	<b>1,075,014</b>	<b>1,695,037</b>
<b>Operating Income (Loss)</b>	<b>(239,610)</b>	<b>15,177</b>	<b>(224,433)</b>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	39,083	0	39,083
Interest Income	626	0	626
Federal and State Subsidies	180,270	0	180,270
<b>Total Non-Operating Revenues</b>	<b>219,979</b>	<b>0</b>	<b>219,979</b>
<b>Net Income (Loss)</b>	<b>(19,631)</b>	<b>15,177</b>	<b>(4,454)</b>
<b>Retained Earnings (Deficit) at Beginning of Year</b>	<b>36,528</b>	<b>(165,712)</b>	<b>(129,184)</b>
<b>Retained Earnings (Deficit) at End of Year</b>	<b>\$16,897</b>	<b>(\$150,535)</b>	<b>(\$133,638)</b>

See accompanying notes to the general purpose financial statements

**Maysville Local School District, Ohio**  
**Combined Statement of Revenues, Expenses and**  
**Changes in Fund Equity - Budget and Actual (Budget Basis)**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 1999**

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Sales	\$387,335	\$380,887	(\$6,448)
Charges for Services	0	0	0
Federal and State Subsidies	150,266	150,266	0
Interest	626	626	0
Other Revenues	138	138	0
<b>Total Revenues</b>	<b>538,365</b>	<b>531,917</b>	<b>(6,448)</b>
<u>Expenses:</u>			
Salaries	187,060	196,959	(9,899)
Fringe Benefits	93,663	95,907	(2,244)
Purchased Services	8,930	5,113	3,817
Materials and Supplies	261,591	270,094	(8,503)
Capital Outlay	4,810	4,804	6
Other	242	242	0
<b>Total Expenses</b>	<b>556,296</b>	<b>573,119</b>	<b>(16,823)</b>
<b>Excess of Revenues Under Expenses</b>	<b>(17,931)</b>	<b>(41,202)</b>	<b>(23,271)</b>
<b>Fund Equity at Beginning of Year</b>	<b>76,930</b>	<b>76,930</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>4,430</b>	<b>4,430</b>	<b>0</b>
<b>Fund Equity at End of Year</b>	<b>\$63,429</b>	<b>\$40,158</b>	<b>(\$23,271)</b>

See accompanying notes to the general purpose financial statements

(Continued)

**Maysville Local School District, Ohio**  
**Combined Statement of Revenues, Expenses and**  
**Changes in Fund Equity - Budget and Actual (Budget Basis)**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 1999**  
**(Continued)**

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Charges for Services	975,751	1,090,191	114,440
Federal and State Subsidies	0	0	0
Interest	0	0	0
Other Revenues	0	0	0
<b>Total Revenues</b>	<b>975,751</b>	<b>1,090,191</b>	<b>114,440</b>
<u>Expenses:</u>			
Salaries	23,850	23,850	0
Fringe Benefits	0	0	0
Purchased Services	976,151	1,073,538	(97,387)
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	0	0	0
<b>Total Expenses</b>	<b>1,000,001</b>	<b>1,097,388</b>	<b>(97,387)</b>
Excess of Revenues Under Expenses	(24,250)	(7,197)	17,053
Fund Equity at Beginning of Year	73,786	73,786	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Equity at End of Year</b>	<b>\$49,536</b>	<b>\$66,589</b>	<b>\$17,053</b>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$387,335	\$380,887	(\$6,448)
975,751	1,090,191	114,440
150,266	150,266	0
626	626	0
138	138	0
<u>1,514,116</u>	<u>1,622,108</u>	<u>107,992</u>
210,910	220,809	(9,899)
93,663	95,907	(2,244)
985,081	1,078,651	(93,570)
261,591	270,094	(8,503)
4,810	4,804	6
242	242	0
<u>1,556,297</u>	<u>1,670,507</u>	<u>(114,210)</u>
(42,181)	(48,399)	(6,218)
150,716	150,716	0
4,430	4,430	0
<u>\$112,965</u>	<u>\$106,747</u>	<u>(\$6,218)</u>

**Maysville Local School District, Ohio**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 1999**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Sales	\$380,887	\$0	\$380,887
Cash Received from Quasi-External Transactions with Other Funds	0	1,090,191	1,090,191
Cash Payments for Employee Services and Benefits	(292,866)	(23,850)	(316,716)
Cash Payments to Suppliers for Goods and Services	(273,727)	(153,950)	(427,677)
Cash Payments for Claims	0	(919,588)	(919,588)
Other Operating Revenues	138	0	138
Other Operating Expenses	(242)	0	(242)
Net Cash Used for Operating Activities	<u>(185,810)</u>	<u>(7,197)</u>	<u>(193,007)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating Grants Received	150,266	0	150,266
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(4,501)	0	(4,501)
<u>Cash Flows from Investing Activities:</u>			
Interest	626	0	626
Net Decrease in Cash and Cash Equivalents	(39,419)	(7,197)	(46,616)
Cash and Cash Equivalents Beginning of Year	<u>81,360</u>	<u>73,786</u>	<u>155,146</u>
Cash and Cash Equivalents End of Year	<u>\$41,941</u>	<u>\$66,589</u>	<u>\$108,530</u>

See accompanying notes to the general purpose financial statements

(Continued)

**Maysville Local School District, Ohio**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 1999**  
(Continued)

	Enterprise	Internal Service	Totals (Memorandum Only)
Reconciliation of Operating Income (Loss) to Net Cash <u>Used for Operating Activities:</u>			
Operating Income (Loss)	(\$239,610)	\$15,177	(\$224,433)
 <u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Depreciation	5,415	0	5,415
Donated Commodities Used During the Year	39,083	0	39,083
 <u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	611	0	611
Decrease in Due from Other Funds	5,407	0	5,407
Decrease in Materials and Supplies Inventory	85	0	85
Decrease in Inventory Held for Resale	405	0	405
Decrease in Accounts Payable	(1,783)	0	(1,783)
Decrease in Claims Payable	0	(24,324)	(24,324)
Increase in Accrued Salaries and Benefits Payable	8,356	1,950	10,306
Decrease in Intergovernmental Payable	(2,878)	0	(2,878)
Decrease in Compensated Absences Payable	(901)	0	(901)
 Net Cash Used for Operating Activities	 <u>(\$185,810)</u>	 <u>(\$7,197)</u>	 <u>(\$193,007)</u>

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Maysville Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

Maysville Local School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County, and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. The School District is the 274th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 108 classified employees, 122 certificated full-time teaching personnel, and 10 administrative employees who provide services to 2,241 students and other community members. The School District currently operates five instructional buildings, two administrative buildings, and one garage.

**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 School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Maysville Local School District, this includes general operations, food service, preschool, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with three jointly governed organizations and one insurance purchasing pool. These organizations are the Licking Area Computer Association, Mid-East Ohio Vocational School, Coalition of Rural and Appalachian Schools, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation - Fund Accounting**

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

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

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

**Governmental Fund Types:**

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

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

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

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

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

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Proprietary Fund Types:**

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

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

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

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. 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 those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

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

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

**B. 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 fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and 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.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Muskingum County Budget Commission for rate determination.

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the 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 School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**Lapsing of Appropriations:**

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

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the balance sheet. During fiscal year 1999, the Treasurer invested the classroom facilities capital projects fund separately from the pool.

During fiscal year 1999, investments were limited to STAR Ohio, a repurchase agreement, and nonparticipating certificates of deposit. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. 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, 1999.

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 permanent improvement capital projects fund during fiscal year 1999 amounted to \$138,846, which includes \$111,687 assigned from other School District funds. The classroom facilities capital projects fund and the food service enterprise fund also received interest during fiscal year 1999 of \$70,988 and \$626, respectively.

The School District has a segregated bank accounts for the payroll and athletic account monies held separate from the School District's central bank account. These checking accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District treasury.

The ending balance of the drug-free schools grant money held by the Muskingum County Board of Education on the School District's behalf is presented as "cash and cash equivalents with fiscal agents" on the balance sheet.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**G. Restricted Assets**

Restricted assets in the general fund and permanent improvement capital projects fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside for budget stabilization. See Note 21 for the calculation of the year end restricted asset balance and the corresponding fund reserve.

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not capitalize infrastructure, as these assets are immovable and of value only to the School District.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I. Intergovernmental Revenues**

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

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

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief

Special Revenue Funds

Disadvantage Pupil Impact Aid

Capital Projects Funds

School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Data Communications  
Drug-Free Schools  
Early Childhood Education  
Education Management Information Systems  
Eisenhower  
Instructional Material Subsidy  
Partnership 2000  
Performance Incentive  
Professional Development Block Grant  
Public Preschool Grant  
Schools on the Move  
Service Learning Grant  
Special Education Transition Funding  
Teacher Development  
Title I  
Title VI  
Title VI-B  
Venture Capital

Capital Projects Funds

SchoolNet  
Technology Equity  
Video Distance Learning

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Reimbursable Grants  
    General Fund  
        Driver Education  
Capital Projects Funds  
    Emergency Building Repair  
Proprietary Funds  
    National School Lunch Program  
    National School Breakfast Program  
    Government Donated Commodities

Grants and entitlements received in governmental funds amounted to seventy-five percent of the governmental fund revenue during the 1999 fiscal year.

**J. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees with ten or more years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**L. 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 contributions, 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. In general, payments made more than two months after fiscal year end are considered not to have used current available financial resources. Bonds and capital leases 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.

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by Statute to protect against cyclical changes in revenues and expenditures.

**O. Fund Balance Designation**

The School District has a fund balance designation on the balance sheet for additional money above the reserve for budget stabilization required by State statute.

**P. 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.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**O. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF PRIOR YEAR BALANCES**

The School District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plans through the Ohio Public Employees Deferred Compensation Board. On September 1, 1998 the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Board deferred compensation plan of \$139,680 is no longer presented on the financial statements of the School District.

For the fiscal year ended 1998, the financial statements were understated due to the omission of two copier leases. The effect of this error increased the general long-term obligations account group total liabilities from \$1,277,315 to \$1,288,405 and the general fixed assets account group total fixed assets increased from \$5,689,635 to \$5,711,581 as of June 30, 1998.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Deficits**

The following funds had deficit fund balances/retained earnings as of June 30, 1999:

	Deficit Fund Balances/ <u>Retained Earnings</u>
<u>Special Revenue Funds:</u>	
Title VI-B	\$25,075
Title I	114,705
Title VI	2,131
<u>Capital Project Fund:</u>	
Emergency Building Repair	10,773
<u>Enterprise Fund:</u>	
Food Service	8,606
<u>Internal Service Fund:</u>	
Employee Benefits Self-Insurance	150,535

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

The deficits in the special revenue, capital projects, enterprise and internal service funds are the result of the recognition of payables in accordance with Generally Accepted Accounting Principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Legal Compliance**

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

	<u>Excess</u>
<u>General Fund:</u>	
General	
Instruction	
Special Instruction	
Salaries	\$7,527
Fringe Benefits	3,626
Other	
Purchased Services	5,617
Support Services	
Pupils	
Salaries	2,012
Fringe Benefits	3,520
Purchased Services	181
Instructional Staff	
Salaries	37,474
Purchased Services	198,302
Materials and Supplies	587
Board of Education	
Salaries	2,880
Purchased Services	8,386
Other	653
Administration	
Salaries	37,720
Fringe Benefits	24,954
Purchased Services	19,108
Other	3,095
Fiscal	
Salaries	17,998
Fringe Benefits	6,061
Purchased Services	9,557
Materials and Supplies	1,251

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

	<u>Excess</u>
<u>General Fund:</u> (continued)	
Operation and Maintenance of Plant	
Salaries	\$408
Fringe Benefits	7,290
Purchased Services	510
Capital Outlay - New	130,000
Capital Outlay - Replacement	1,630
Pupil Transportation	
Salaries	14,671
Capital Outlay - New	12,975
Central	
Salaries	208
Fringe Benefits	648
Extracurricular Activities	
Academic Orientated Activities	
Salaries	640
Fringe Benefits	29
Operating Transfer Out	35,000
 <u>Special Revenue Funds:</u>	
Venture Capital	
Support Services	
Instructional Staff	
Purchased Services	150
District Managed Activities	
Extracurricular Activities	
Sport Oriented Activities	
Salaries	1,408
Capital Outlay - New	11,979
Management Information Systems	
Support Services	
Pupils	
Purchased Services	770
Public Preschool	
Instruction	
Regular Instruction	
Materials and Supplies	671
Support Services	
Instructional Staff	
Salaries	9,457
Fringe Benefits	215

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

	<u>Excess</u>
<u>Special Revenue Funds:</u> (continued)	
Disadvantaged Pupil Impact Aid	
Instruction	
Regular Instruction	
Salaries	\$2,510
Fringe Benefits	2,622
Materials and Supplies	967
School Net Professional Development	
Support Services	
Instructional Staff	
Salaries	1,322
Title I	
Instruction	
Special Instruction	
Fringe Benefits	32,137
Support Services	
Instructional Staff	
Salaries	333
Drug-Free Schools	
Instruction	
Regular Instruction	
Materials and Supplies	432
Support Services	
Pupils	
Salaries	3,000
Purchased Services	7,280
Instructional Staff	
Purchased Services	1,145
Materials and Supplies	449
Administration	
Salaries	500
Early Childhood	
Instruction	
Regular Instruction	
Salaries	6,825

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

	<u>Excess</u>
<u>Special Revenue Funds:</u>	
Service Learning	
Instruction	
Adult Continuing Instruction	
Purchased Services	\$1,471
Support Services	
Pupils	
Purchased Services	22
 <u>Capital Projects Funds:</u>	
Technology Equity	
Instruction	
Regular Instruction	
Materials and Supplies	2,200
Capital Outlay - New	2,500
Video Distance Learning	
Instruction	
Regular Instruction	
Capital Outlay - New	46,558
Emergency Building Repair	
Support Services	
Operation and Maintenance of Plant	
Purchased Services	9,789
 <u>Enterprise Fund:</u>	
Food Service	
Salaries	9,899
Fringe Benefits	2,243
Materials and Supplies	15,977
 <u>Internal Service Fund:</u>	
Employee Benefits Self Insurance	97,388

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

Fund Type/Fund	Estimated Resources	Appropriations	Excess
<b>Special Revenue Funds:</b>			
Classroom Facilities Maintenance	\$0	\$23,000	\$23,000
District Managed Activities	105,108	112,059	6,951
Teacher Development	0	8,396	8,396
<b>Debt Service Fund:</b>			
Bond Retirement	68,372	218,372	150,000
<b>Capital Projects Fund:</b>			
Classroom Facilities	0	5,032,000	5,032,000

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Similar Trust Fund

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$347,630	(\$83,181)	\$254,917	\$4,515,415
Revenue Accruals	(30,683)	(15,522)	(110,766)	(44,061)
Expenditure Accruals	134,089	3,796	0	335,619
Prepaid Items	(402)	0	0	(1,833)
Advance In	0	83,314	0	9,789
Advance Out	(93,103)	0	0	0
Encumbrances	(67,870)	(13,466)	0	(497,252)
Budget Basis	<u>\$289,661</u>	<u>(\$25,059)</u>	<u>\$144,151</u>	<u>\$4,317,677</u>

Net Income (Loss)/Excess of Revenues Under Expenses  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$19,631)	\$15,177
Revenue Accrual	(29,392)	0
Expense Accrual	8,200	(22,374)
Materials and Supplies Inventory	85	0
Inventory Held for Resale	405	0
Capital Outlay	(4,501)	0
Depreciation Expense	5,415	0
Encumbrances	(1,783)	0
Budget Basis	<u>(\$41,202)</u>	<u>(\$7,197)</u>

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

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

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

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$6,950,571 and the bank balance was \$7,111,973. Of the bank balance, \$382,357 was covered by federal depository insurance and \$6,729,616 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 3	Carrying Amount	Market Value
Repurchase Agreement	\$123,326	\$123,326	\$123,756
STAR Ohio		535,732	535,732
Totals		\$659,058	\$659,488

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

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$3,142,976	\$4,467,120
Investments of the Cash Management Pool:		
Cash with Fiscal Agent	(467)	0
Certificates of Deposit	4,467,120	(4,467,120)
Repurchase Agreement	(123,326)	123,326
STAR Ohio	(535,732)	535,732
GASB Statement 3	\$6,950,571	\$659,058

At June 30, 1999, the School District's drug-free schools special revenue fund had a cash balance of \$467 with the Muskingum Valley Educational Service Center (MVESC), fiscal agent of the grant. The money is held by the MVESC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. To obtain financial information from MVESC write Muskingum Valley Educational Service Center, 205 North Seventh Street, Zanesville, Ohio 43701.

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 7 - PROPERTY TAXES** (continued)

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$75,991,910	78.5%	\$77,217,860	78.2%
Public Utility	8,534,070	8.8	8,696,400	8.8
Tangible Personal Property	12,343,390	12.7	12,861,390	13.0
Total Assessed Value	<u>\$96,869,370</u>	<u>100.0%</u>	<u>\$98,775,650</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$37.45		\$42.30	

The School District receives property taxes from Muskingum County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$870,632 and is recognized as revenue. \$709,417 was available to the general fund, \$16,405 was available to the classroom facilities maintenance special revenue fund, and \$144,810 was available to the bond retirement debt service fund. At June 30, 1998, \$691,822 was available to the School District. \$657,778 was available to the general fund and \$34,044 was available to the bond retirement debt service fund.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Medicaid	\$6,988
Emergency Repair Reimbursement	2,865
Bus Trip Reimbursements	2,934
Total General Fund	12,787
Special Revenue Funds	
Miscellaneous Reimbursements	453
Capital Projects Funds	
Emergency Building Repair	6,924
Enterprise Funds	
National School Lunch	30,004
Total Intergovernmental Receivables	\$50,168

**NOTE 9 - FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$240,441
Less Accumulated Depreciation	(214,606)
Net Fixed Assets	\$25,835

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 9 - FIXED ASSETS** (continued)

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$132,376	\$729,200	\$0	\$861,576
Buildings and Improvements	3,045,223	76,026	0	3,121,249
Furniture, Fixtures and Equipment	1,570,307	212,218	0	1,782,525
Vehicles	948,496	64,016	0	1,012,512
Construction in Progress	15,179	522,499	15,179	522,499
<b>Total General Fixed Assets</b>	<b>\$5,711,581</b>	<b>\$1,603,959</b>	<b>\$15,179</b>	<b>\$7,300,361</b>

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, electronic equipment insurance, and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$27,321,100
Inland Marine (\$100 deductible)	10,850
Employee Benefit Liability (\$1,000 deductible)	500,000
Automobile Liability (\$250 Comprehensive/\$500 collision)	1,000,000
Uninsured Motorists (No deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last fiscal year.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 10 - RISK MANAGEMENT** (continued)

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$191,324 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$282,757	\$688,460	\$755,569	\$215,648
1999	215,648	895,264	919,588	191,324

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$122,728, \$141,997 and \$136,494, respectively; 53 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$65,430 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$303,459, \$507,171 and \$532,114, respectively; 81 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$57,673 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$404,612 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$100,413.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 13 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 13 - EMPLOYEE BENEFITS** (continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 54 days for certified and classified employees.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company in the amount of \$20,000 for all employees enrolled.

**C. Retirement Incentive**

The School District offers a retirement incentive to certified employees that retire as soon as the employee is eligible with 30 years of experience.

**D. Deferred Compensation**

School District employees participate in a statewide deferred compensation plan that was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

The School District implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plans through the Ohio Public Employees Deferred Compensation Board. On September 1, 1998 the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Board deferred compensation plan of \$139,680 is no longer presented on the financial statements of the School District.

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for copier and computer equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of copiers and computers have been capitalized in the general fixed assets account group in the amount of \$132,658. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$39,127 in the governmental funds

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE** (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	GLTOAG
2000	\$42,923
2001	13,653
Total	56,576
Less: Amount Representing Interest	(4,485)
Present Value of Net Minimum Lease Payments	\$52,091

**NOTE 15 - CONTRACT OBLIGATIONS**

As of June 30, 1999, the School District had contractual purchase commitments for one project. The amount for the project is as follows:

Contractor	Fund	Purchase Commitments	Amounts Paid as of 6/30/99	Amounts Remaining on Contracts
Architect	Classroom Facilities Capital Projects			
Fees	Fund	\$1,859,617	\$502,097	\$1,357,520

**NOTE 16 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
Energy Conservation Bond Payable	\$208,000	\$0	\$55,000	\$153,000
School Facilities Note	0	4,732,000	0	4,732,000
Capital Leases	91,218	0	39,127	52,091
Pension Obligation	90,365	96,832	90,365	96,832
Retirement Incentive	20,000	0	20,000	0
Compensated Absences	878,822	115,461	136,678	857,605
Total General Long-Term Obligations	\$1,288,405	\$4,944,293	\$341,170	\$5,891,528

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 16 - LONG-TERM OBLIGATIONS** (continued)

On June 26, 1991, the School District issued \$485,634 in an unvoted general obligation bond for the purpose of installing energy conservation improvements for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The bond was issued for a ten year period with final maturity during fiscal year 2002. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Tax revenues were allocated from the general fund to the bond retirement debt service fund to meet current fiscal year obligations.

The School District issued School Improvement Bond Anticipation Notes, Series 1999 for \$4,732,000, with an interest rate of 3.6%, as a result of the School District being approved for a \$30,649,844 school facilities loan through the State Department of Education for the construction of a new school campus which will house all students. The School District issued the notes on March 8, 1999, to provide a partial cash match for the school facilities loans. As a requirement of the loans, the School District was required to pass a 3.4 mill levy. 2.9 mills will be used to repay the debt issue which provides the matching funds required of the School District as a condition of the State loan. The remaining .5 mills is used for facilities maintenance. If the School District's adjusted valuation per pupil ever increases above the state-wide median adjusted valuation during the twenty-three year period, the School District will be required to begin repaying the loan. At the end of the twenty-three year period of the levy any remaining unpaid loan balance is forgiven. The probability of the School District's adjusted valuation per pupil increasing above the state-wide median is remote so the liability of the loan has not been shown on the balance sheet. The bond anticipation notes will mature on September 23, 1999, and will be repaid with the issuance of School Improvement General Obligation Bonds and tax revenue in fiscal year 2000.

The School District had received \$533,697 in proceeds to date from the School Facilities Commission, all of which was received in fiscal year 1999 and shown as intergovernmental revenue on the financial statements.

The School District's overall legal debt margin was \$4,301,960, with an unvoted debt margin of \$98,776 at June 30, 1999.

Principal and interest debt service requirements to maturity on the bond, including \$16,156 interest, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>General Long-Term</u> <u>Obligations</u> <u>Account Group</u>
2000	\$67,556
2001	67,466
2002	<u>34,134</u>
Total	<u><u>\$169,156</u></u>

Capital leases will be paid from the general fund. Compensated absences, retirement incentive and pension obligation will be paid from the fund and appropriate expenditure which pays the employees' salaries.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 17 - INTERFUND ACTIVITY**

Interfund balances at June 30, 1999, consist of the following individual fund receivables and payables:

<u>Due from/Due to Other Funds</u>	<u>Recipient</u>	<u>Payer</u>
Capital Projects Fund:		
Permanent Improvement	<u>\$149</u>	<u>\$0</u>
Agency Fund:		
Payroll Agency	<u>0</u>	<u>149</u>
Total Due from/Due to Other Funds	<u>\$149</u>	<u>\$149</u>

<u>Interfund Receivable/Payable</u>	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$93,102</u>	<u>\$0</u>
<u>Special Revenue Funds:</u>		
Title VI-B	<u>0</u>	<u>9,177</u>
Title I	<u>0</u>	<u>74,136</u>
Total Special Revenue Funds	<u>0</u>	<u>83,313</u>
<u>Capital Projects Fund:</u>		
Emergency Building Repair	<u>0</u>	<u>9,789</u>
Total All Funds	<u>\$93,102</u>	<u>\$93,102</u>

**NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and kindergarten snacks and supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Maysville Local School District as of and for the fiscal year ended June 30, 1999.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS** (continued)

	Food Service	Uniform School Supplies	Kindergarten Snacks and Supplies	Total Enterprise Funds
Operating Revenues	\$336,673	\$41,930	\$1,810	\$380,413
Depreciation Expense	5,415	0	0	5,415
Operating Income (Loss)	(243,608)	4,219	(221)	(239,610)
Donated Commodities	39,083	0	0	39,083
Interest Income	626	0	0	626
Operating Grants	180,270	0	0	180,270
Net Income (Loss)	(23,629)	4,219	(221)	(19,631)
Additions to Fixed Assets	4,501	0	0	4,501
Net Working Capital	(15,265)	24,158	1,345	10,238
Total Assets	77,938	25,405	1,345	104,688
Long-Term Liabilities to be Paid from Fund Revenues	19,176	0	0	19,176
Total Equity (Deficit)	(8,606)	24,158	1,345	16,897
Encumbrances Outstanding at June 30, 1999	0	1,783	0	1,783

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Licking Area Computer Association**

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts and educational service centers. 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.

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's fixed assets. The School District's payments to LACA for fiscal year 1999 was \$31,501. Financial statements for LACA can be obtained from their fiscal agent - the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

**Maysville Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)**

**B. Mid-East Ohio Vocational School**

The Mid-East Ohio Vocational School is a jointly governed organization providing vocational services to its thirteen member school districts. The Vocational School 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 participating school district's boards. The Board possesses its own budgeting and taxing authority. The continued existence of the Vocational School is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 1999 the School District made no contributions to the Vocational School. To obtain financial information write to the Mid-East Ohio Vocational School District, Cindy Nye, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

**C. Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various inservice for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District paid a membership fee of \$300 in fiscal year 1999.

**NOTE 20 - INSURANCE PURCHASING POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

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

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

Maysville Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (Continued)

The School District also receives resources from the State of Ohio which are restricted by State law for the purchase of school buses. The balance of this allocation is also reflected as a reservation of fund balance in the General Fund 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, 1998	\$0	\$0	52,606	52,606
Current Year Set-Aside Requirement	135,380	135,380	67,690	338,450
Current Year Offsets	(25,405)	(355,151)	0	(383,556)
Qualifying Disbursements	<u>(320,667)</u>	<u>(237,071)</u>	<u>0</u>	<u>(550,238)</u>
Total	<u>(\$213,692)</u>	<u>(\$456,842)</u>	<u>\$120,296</u>	<u>(\$550,238)</u>
Cash Balance Carried Forward to Fiscal Year 2000	<u>\$0</u>	<u>\$0</u>	<u>\$120,296</u>	\$120,296
Amount Restricted for Bus Purchases				<u>115,616</u>
Total Restricted Assets				<u>\$235,912</u>

Although the School District has 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.

The bus purchase restricted monies are in the permanent improvement capital projects fund.

**Maysville Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999**

**NOTE 22 – CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The School District is currently not a party to any legal proceedings.

**NOTE 23 – STATE FOUNDATION FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$6,253,164 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had received a total of \$533,697 in governmental revenues under this program.

**Maysville Local School District, Ohio**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**

**NOTE 23 – STATE FOUNDATION FUNDING (Continued)**

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature 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. As of the date of this report, 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 School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

**NOTE 24 – SUBSEQUENT EVENT**

On September 15, 1999, the School District issued School Improvement General Obligation Bonds in the amount of \$4,732,000 with variable interest rates of 3.8% to 6.35% which will mature December 1, 2016. Proceeds of the bonds were used to repay the School Improvement Bond Anticipation Notes issued on March 8, 1999 which matured on September 23, 1999.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education  
Maysville Local School District  
South Zanesville, Ohio

We have audited the general purpose financial statements of Maysville Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 23, 1999. 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 Maysville Local School 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 99-1. We also noted a few instances of noncompliance that we have reported to the district's management in a separate letter dated December 23, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Maysville Local School 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 function. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving internal control over financial reporting that we have reported to the district's management in a separate letter dated December 23, 1999.

This report is intended for the information of the District's Board of Education, management, 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.

*Norman Jones Enlow & Co.*  
Zanesville, Ohio  
December 23, 1999

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

Board of Education  
Maysville Local School District  
South Zanesville, Ohio

Compliance

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

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal 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 function. 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 of the District's Board of Education, management, 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.

Norman Jones Enlow & Co.

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MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
JUNE 30, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 .505

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

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

Finding 99-1

Ohio Revised Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated. In order to test the District's compliance with this section, we compared prior year encumbrances and current year appropriations with current year expenditures and encumbrances at the "legal level of budgetary control". The "legal level of budgetary control" is defined in *Government Accounting, Auditing and Financial Reporting* as "the level at which spending in excess of budgeted amounts would be a violation of law". In Ohio, the legal level of control is the level at which the appropriation measure is passed by the legislative authority of a local government.

The District passed their appropriation measure at the fund-function-object level. We noted 19 instances where expenditures exceeded appropriations at this "legal level of control".

We recommend that the treasurer keep a schedule that compares appropriations versus expenditures. This would allow the treasurer to compare these amounts on a constant basis which should cut down on the number of violations.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Finding Number	N/A
CFDA Title and Number	N/A
Federal Award Number / Year	N/A
Federal Agency	N/A
Pass-Through Agency	N/A



<u>In-Kind Receipts</u>	<u>Disbursements</u>
\$ 29,284	\$ 39,083
-	11,688
-	129,467
<u>29,284</u>	<u>180,238</u>
-	15,292
-	251,174
-	12,807
-	7,475
-	175,500
-	14,992
<u>-</u>	<u>461,948</u>
-	57,750
-	2,070
<u>\$ 29,284</u>	<u>\$ 717,298</u>

See notes to Schedule of Federal Awards Expenditures

**MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A - Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - Food Distribution**

Non-monetary assistance 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. At June 30, 1999, the District had no significant food commodities in inventory.

**MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**GENERAL COMMENTS**

**District personnel were cooperative and available for questions during regular work hours.**

**MAYSVILLE LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**CONCLUSION STATEMENT**

**The District officials were furnished a draft copy of the audit report, including citations and recommendations. These officials elected to waive a formal post-audit conference.**

**These officials were informed that they had five working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. Written responses were not received.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

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MAYSVILLE LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: MAY 16, 2000