



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

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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

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## REPORT OF INDEPENDENT ACCOUNTANTS

Millcreek-West Unity Local School District  
Williams County  
113 South Defiance Street  
West Unity, Ohio 43570-0505

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Millcreek-West Unity Local School District, Williams County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Jim Petro**  
Auditor of State

December 27, 2000

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

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$38,058	\$78,897	\$366,503	\$26,166
Cash and Cash Equivalents:				
With Fiscal Agents		849		
Receivables:				
Taxes	1,378,903		131,243	
Accounts	20,640			
Accrued Interest	4,415	245		1,042
Interfund Receivable			20,000	53,666
Materials and Supplies Inventory	7,358			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	44,406			
Fixed Assets				
Accumulated Depreciation				
<b>Other Debits:</b>				
Amount in Debt Service Fund for Retirement Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b><u>\$1,493,780</u></b>	<b><u>\$79,991</u></b>	<b><u>\$517,746</u></b>	<b><u>\$80,874</u></b>
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$82	\$838		
Contracts Payable	59,642			
Accrued Wages and Benefits	387,386	9,107		
Compensated Absences Payable	35,257			
Interfund Payable	70,000			\$3,666
Intergovernmental Payable	73,948	1,004		
Deferred Revenue	1,228,512		\$120,345	
Undistributed Monies				
Due to Students				
Energy Conservation Loan				
General Obligation Bonds Payable				
Total Liabilities	<u>1,854,827</u>	<u>10,949</u>	<u>120,345</u>	<u>3,666</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	36,686	11,213		8,444
Reserved for Inventory	7,358			
Reserved for Debt Service Principal			366,503	
Reserved for Advances			20,000	53,666
Reserved for Contributions				
Reserved for Property Taxes	150,391		10,898	
Reserved for Textbooks and Instructional Materials	24,544			
Reserved for Budget Stabilization	19,862			
Unreserved:				
Unreserved, Undesignated	(599,888)	57,829		15,098
Total Fund Equity and Other Credits	<u>(361,047)</u>	<u>69,042</u>	<u>397,401</u>	<u>77,208</u>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b><u>\$1,493,780</u></b>	<b><u>\$79,991</u></b>	<b><u>\$517,746</u></b>	<b><u>\$80,874</u></b>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$36,736	\$61,658			\$608,018
				849
				1,510,146
6,185	190			26,825
				5,892
				73,666
9,903				17,261
				44,406
49,956 (33,857)		\$5,859,185		5,909,141 (33,857)
			\$366,503	366,503
			713,079	713,079
<b>\$68,923</b>	<b>\$61,848</b>	<b>\$5,859,185</b>	<b>\$1,079,582</b>	<b>\$9,241,929</b>
				\$920
				59,642
\$16,948				413,441
3,469			\$365,129	403,855
				73,666
7,522			20,453	102,927
4,734				1,353,591
	\$3,269			3,269
	19,810			19,810
			99,000	99,000
			595,000	595,000
32,673	23,079		1,079,582	3,125,121
		\$5,859,185		5,859,185
36,250				36,250
				56,343
				7,358
				366,503
				73,666
	6,741			6,741
				161,289
				24,544
				19,862
	32,028			(494,933)
36,250	38,769	5,859,185		6,116,808
<b>\$68,923</b>	<b>\$61,848</b>	<b>\$5,859,185</b>	<b>\$1,079,582</b>	<b>\$9,241,929</b>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Intergovernmental	\$2,621,768	\$134,746
Interest	21,668	485
Tuition and Fees	25,590	
Rent	124	
Extracurricular Activities:		63,319
Gifts and Donations	25	2,429
Customer Services	11,422	225
Property and Other Local Taxes:	1,281,457	
Miscellaneous	1,355	
Total Revenues	3,963,409	201,204
<b>Expenditures:</b>		
Instruction:		
Regular	2,178,918	34,336
Special	301,971	80,906
Vocational	160,344	
Other	8,703	
Support services		
Pupils	129,310	20,223
Instructional Staff	107,388	13,642
Board of Education	15,107	
Administration	450,019	8,173
Fiscal	91,893	1,100
Operation and Maintenance of Plant	319,257	
Pupil Transportation	296,337	
Central	16,581	
Non-Instructional Services:	2,746	
Extracurricular activities:	106,848	56,993
Capital Outlay		
Debt Service		
Debt Service - Principals		
Debt Service - Interest		
Total Expenditures	4,185,422	215,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	(222,013)	(14,169)
<b>Other Financing Sources (Uses)</b>		
Operating Transfer In		
Proceeds from Sale of Fixed Asset:	620	
Refund of Prior Year Expenditure:	3	5,245
Other Financing Sources	112	
Operating Transfers Out	(34,332)	
Refund of Prior Year Receipts:	(500)	
Total Other Financing Sources (Uses)	(34,097)	5,245
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Use	(256,110)	(8,924)
Fund Balance at Beginning of Year	(104,937)	77,966
<b>Fund Balance at End of Year</b>	<b>(\$361,047)</b>	<b>\$69,042</b>

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

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$15,736	\$120,595		\$2,892,845
	5,530	\$640	28,323
			25,590
			124
			63,319
	40,000	16,145	58,599
			11,647
145,074			1,426,531
			1,355
<u>160,810</u>	<u>166,125</u>	<u>16,785</u>	<u>4,508,333</u>
	23,715		2,236,969
			382,877
			160,344
			8,703
			149,533
			121,030
			15,107
		9,712	467,904
4,793			97,786
	2,953		322,210
			296,337
			16,581
			2,746
			163,841
	285,066		285,066
103,000			103,000
51,343			51,343
<u>159,136</u>	<u>311,734</u>	<u>9,712</u>	<u>4,881,377</u>
<u>1,674</u>	<u>(145,609)</u>	<u>7,073</u>	<u>(373,044)</u>
16,142	23,098		39,240
			620
			5,248
			112
	(4,908)		(39,240)
			(500)
<u>16,142</u>	<u>18,190</u>		<u>5,480</u>
17,816	(127,419)	7,073	(367,564)
379,585	204,627	20,887	578,128
<u><b>\$397,401</b></u>	<u><b>\$77,208</b></u>	<u><b>\$27,960</b></u>	<u><b>\$210,564</b></u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	General		Variance: Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$2,932,360	\$2,621,765	(\$310,595)
Interest	20,787	20,787	
Tuition and Fees	6,373	6,373	
Rent	300	124	(176)
Extracurricular Activities			
Gifts and Donations	25	25	
Customer Services	11,422	11,422	
Property and Other Local Tax	1,253,895	1,222,000	(31,895)
Miscellaneous	1,356	1,356	
<b>Total Revenues</b>	<b>4,226,518</b>	<b>3,883,852</b>	<b>(342,666)</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	2,165,269	2,156,379	8,890
Special	307,430	300,302	7,128
Vocational	171,804	162,704	9,100
Other	8,702	8,702	
Support services			
Pupils	128,779	127,064	1,715
Instructional Staff	108,496	105,367	3,129
Board of Education	16,701	15,101	1,600
Administration	459,183	442,373	16,810
Fiscal	101,366	92,715	8,651
Operation and Maintenance of Plant	357,615	341,607	16,008
Pupil Transportation	244,914	236,446	8,468
Central	17,137	16,582	555
Non-Instructional Services:	3,659	2,746	913
Extracurricular activities:	109,495	103,990	5,505
Capital Outlay			
Debt Service			
Debt Service - Principals			
Debt Service - Interest			
<b>Total Expenditures</b>	<b>4,200,550</b>	<b>4,112,078</b>	<b>88,472</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,968	(228,226)	(254,194)
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	11,132	1,249	(9,883)
Proceeds from Sale of Fixed Asset	620	620	
Refund of Prior Year Expenditure	9,506	3	(9,503)
Advances In	210,000	210,000	
Other Financing Sources	112	112	
Operating Transfers Out	(35,581)	(35,581)	
Refund of Prior Year Receipt:	(500)	(500)	
Advances Out	(140,000)	(140,000)	
Other Financing Uses	(1,249)		1,249
<b>Total Other Financing Sources (Uses)</b>	<b>54,040</b>	<b>35,903</b>	<b>(18,137)</b>
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	80,008	(192,323)	(272,331)
Fund Balances at Beginning of Year	204,093	204,093	
Prior Year Encumbrances Appropriate	33,927	33,927	
<b>Fund Balance at end of Year</b>	<b>\$318,028</b>	<b>\$45,697</b>	<b>(\$272,331)</b>

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

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$182,372	\$135,694	(\$46,678)	\$15,736	\$15,736	
260	240	(20)			
65,285	63,319	(1,966)			
3,437	2,429	(1,008)			
247	226	(21)	147,277	145,394	(\$1,883)
<u>251,601</u>	<u>201,908</u>	<u>(49,693)</u>	<u>163,013</u>	<u>161,130</u>	<u>(1,883)</u>
39,540	32,487	7,053			
80,457	79,959	498			
20,225	20,224	1			
16,720	13,642	3,078			
10,847	8,679	2,168			
1,100	1,100		5,493	4,792	701
71,499	67,699	3,800			
			103,000	103,000	
			60,305	51,343	8,962
<u>240,388</u>	<u>223,790</u>	<u>16,598</u>	<u>168,798</u>	<u>159,135</u>	<u>9,663</u>
<u>11,213</u>	<u>(21,882)</u>	<u>(33,095)</u>	<u>(5,785)</u>	<u>1,995</u>	<u>7,780</u>
			20,404	16,142	(4,262)
5,597	5,245	(352)			
1,200		(1,200)	100,000	100,000	
(2,600)		2,600	(120,000)	(120,000)	
<u>4,197</u>	<u>5,245</u>	<u>1,048</u>	<u>404</u>	<u>(3,858)</u>	<u>(4,262)</u>
15,410	(16,637)	(32,047)	(5,381)	(1,863)	3,518
49,653	49,653		368,366	368,366	
33,831	33,831				
<u>\$98,894</u>	<u>\$66,847</u>	<u>(\$32,047)</u>	<u>\$362,985</u>	<u>\$366,503</u>	<u>\$3,518</u>

(Continued)

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

	<b>Capital Projects</b>		<b>Variance: Favorable (Unfavorable)</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues:</b>			
Intergovernmental	\$197,237	\$120,595	(\$76,642)
Interest	9,992	5,883	(4,109)
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations	40,000	40,000	
Customer Services			
Property and Other Local Tax			
Miscellaneous			
Total Revenues	<u>247,229</u>	<u>166,478</u>	<u>(80,751)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	28,840	28,813	27
Special			
Vocational			
Other			
Support services			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Operation and Maintenance of Plant	11,340	5,354	5,986
Pupil Transportation			
Central			
Non-Instructional Services:			
Extracurricular activities			
Capital Outlay	332,228	328,139	4,089
Debt Service			
Debt Service - Principals			
Debt Service - Interest			
Total Expenditures	<u>372,408</u>	<u>362,306</u>	<u>10,102</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(125,179)</u>	<u>(195,828)</u>	<u>(70,649)</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	23,098	23,098	
Proceeds from Sale of Fixed Asset			
Refund of Prior Year Expenditure			
Advances In	103,666	103,666	
Other Financing Sources			
Operating Transfers Out	(4,908)	(4,908)	
Refund of Prior Year Receipts:			
Advances Out	(153,666)	(153,666)	
Other Financing Uses			
Total Other Financing Sources (Uses)	<u>(31,810)</u>	<u>(31,810)</u>	
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(156,989)</u>	<u>(227,638)</u>	<u>(70,649)</u>
Fund Balances at Beginning of Year	52,539	52,539	
Prior Year Encumbrances Appropriate	192,821	192,821	
<b>Fund Balance at end of Year</b>	<u><u>\$88,371</u></u>	<u><u>\$17,722</u></u>	<u><u>(\$70,649)</u></u>

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

Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$3,327,705	\$2,893,790	(\$433,915)
\$1,055	\$625	(\$430)	32,094	27,535	(4,559)
			6,373	6,373	
			300	124	(176)
			65,285	63,319	(1,966)
16,925	16,145	(780)	60,387	58,599	(1,788)
			11,669	11,648	(21)
			1,401,172	1,367,394	(33,778)
			1,356	1,356	
17,980	16,770	(1,210)	4,906,341	4,430,138	(476,203)
			2,233,649	2,217,679	15,970
			387,887	380,261	7,626
			171,804	162,704	9,100
			8,702	8,702	
			149,004	147,288	1,716
			125,216	119,009	6,207
			16,701	15,101	1,600
12,135	9,712	2,423	482,165	460,764	21,401
			107,959	98,607	9,352
			368,955	346,961	21,994
			244,914	236,446	8,468
			17,137	16,582	555
			3,659	2,746	913
			180,994	171,689	9,305
			332,228	328,139	4,089
			103,000	103,000	
			60,305	51,343	8,962
12,135	9,712	2,423	4,994,279	4,867,021	127,258
5,845	7,058	1,213	(87,938)	(436,883)	(348,945)
			54,634	40,489	(14,145)
			620	620	
			15,103	5,248	(9,855)
			414,866	413,666	(1,200)
			112	112	
			(40,489)	(40,489)	
			(500)	(500)	
			(416,266)	(413,666)	2,600
			(1,249)		1,249
			26,831	5,480	(21,351)
5,845	7,058	1,213	(61,107)	(431,403)	(370,296)
20,754	20,754		695,405	695,405	
35	35		260,614	260,614	
<b>\$26,634</b>	<b>\$27,847</b>	<b>\$1,213</b>	<b>\$894,912</b>	<b>\$524,616</b>	<b>(\$370,296)</b>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$166,645		\$166,645
Interest		\$484	484
Other Revenues	4		4
<b>Total Operating Revenues</b>	<u>166,649</u>	<u>484</u>	<u>167,133</u>
<b>Operating Expenses</b>			
Salaries	73,544		73,544
Fringe Benefits	41,367		41,367
Purchased Services	2,671		2,671
Materials and Supplies	121,164		121,164
Depreciation	882		882
Other Expenses	5,722	400	6,122
<b>Total Operating Expenses</b>	<u>245,350</u>	<u>400</u>	<u>245,750</u>
Operating Income (Loss)	(78,701)	84	(78,617)
<b>Non-Operating Revenues and Expenses</b>			
Federal Donated Commodities	25,248		25,248
Interest	233		233
Federal and State Subsidies	55,931		55,931
<b>Total Non-Operating Revenues and Expenses</b>	<u>81,412</u>		<u>81,412</u>
Net Income	2,711	84	2,795
Retained Earnings/Fund Balance at Beginning of Year	33,539	10,725	44,264
<b>Retained Earnings/Fund Balance at End of Year</b>	<u><b>\$36,250</b></u>	<u><b>\$10,809</b></u>	<u><b>\$47,059</b></u>

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

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

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>			
Cash Flows from Operating Activities:			
Cash Received from Sale:	\$166,080		\$166,080
Other Cash Receipts:	4		4
Cash Payments to Suppliers for Goods and Service:	(95,293)		(95,293)
Cash Payments for Contract Service:	(2,671)		(2,671)
Cash Payments for Employee Service:	(80,439)		(80,439)
Cash Payments for Employee Benefit:	(37,455)		(37,455)
Other Cash Payments:	(6,476)	(\$400)	(6,876)
Net Cash Provided (Used) by Operating Activities	<u>(56,250)</u>	<u>(400)</u>	<u>(56,650)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received:	55,931		55,931
Cash Flows from Investing Activities:			
Interest Received:	357	408	765
Net Increase in Cash and Cash Equivalents	38	8	46
Cash and Cash Equivalents at Beginning of Year:	36,698	10,725	47,423
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$36,736</u></b>	<b><u>\$10,733</u></b>	<b><u>\$47,469</u></b>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:**

Operating Income (Loss)	(\$78,701)	\$84	(\$78,617)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	882		882
Donated Commodities Used During the Year	25,248		25,248
Nonexpendable Trust Interest		(408)	(408)
(Increase) Decrease in Assets:			
Accounts Receivable	(565)	(76)	(641)
Material and Supplies Inventory	1,748		1,748
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	(4,972)		(4,972)
Intergovernmental Payable	(834)		(834)
Deferred Revenue	(1,879)		(1,879)
Accrued Wages and Benefits	2,823		2,823
Total Adjustments	<u>(\$56,250)</u>	<u>(\$400)</u>	<u>(\$56,650)</u>

**Net Cash Provided (Used) by Operating Activities**

Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2000:			
Cash and Cash Equivalents - Trust and Agency Fund:			\$61,658
Less: Expendable Trust Funds:			(\$27,846)
Less: Agency Funds:			(23,079)
<b>Cash and Cash Equivalents - Nonexpendable Trust Funds</b>			<b><u>\$10,733</u></b>

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Millcreek-West Unity Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by § 3311.03 of the Ohio Revised Code. The District operates under an elected five-member Board of Education and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's instructional and support facility.

**The Reporting Entity**

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

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

The District is associated with five organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 12, 13, and 14 to the general-purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The modified accrual basis of accounting is followed for Governmental, Expendable Trust, and Agency Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. Under this basis of accounting:

1. Only current assets and current liabilities are generally included on their balance sheets.
2. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

3. Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
  - a. Revenue accrued at the end of the year included taxes, interest, tuition, and student fees.
  - b. Property taxes measurable but not available as of June 30, 2000 and delinquent property taxes, whose availability is indeterminate, have been recorded as deferred revenues.
4. Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources, rather than in the period earned by employees.

The Agency Funds are custodial in nature and do not present results of operations or have measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agent capacity.

The Proprietary and Nonexpendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

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

**2. Fiduciary Funds**

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

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

Agency Funds - The funds used to account for assets held by the District as an agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**3. Proprietary Funds**

The funds used to account for Board activities that are similar to business operations in the private sector. Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

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

**4. Account Groups**

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

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

**C. Budgetary Accounting**

Budgets are adopted on a cash basis.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

1. Prior to January 15, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. A public hearing is publicized and conducted to obtain taxpayers' comments. The purpose of this Budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board adopted budget is filed with the County Budget Commission for rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. The annual appropriation measure (the true operating budget) is then developed at the fund, function and object level of expenditures, which are the legal levels of budgetary control.
4. By October 1, the annual appropriation measure for all funds is legally enacted by the Board of Education. The appropriation measure, by law, may not exceed the Certificate of Estimated Resources. The Certificate may be amended to include actual unencumbered balances at the June 30 fiscal year end or if projected increases or decreases in revenue are identified by the District during the year.
5. The District maintains budgetary control by not permitting expenditures to exceed appropriations within each fund, function and object without approval of the Board of Education. The Board permits management to make discretionary budgetary adjustments within each fund, which are approved by the Board on a monthly basis. Any adjustments that alter the total fund appropriation require specific action of the Board.
6. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

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

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

An analysis of the difference between GAAP and budgetary basis for all governmental fund types and expendable trust fund for the year ended June 30, 2000 follows:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	(\$192,323)	(\$16,637)	(\$1,863)	(\$227,638)	\$7,058
Net Adjustment for:					
Revenue Accruals	79,557	704	(320)	(353)	15
Expenditure Accruals	110,111	(3,633)	(1)	42,128	
Other Sources/Uses	(70,000)		20,000	50,000	
Encumbrances	36,767	12,050		8,444	
GAAP Basis	(\$256,110)	(\$8,924)	\$17,816	(\$127,419)	\$7,073

**D. Encumbrances**

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

**E. Cash and Investments**

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

During fiscal year 2000, investments were limited to nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$21,668.

For purposes of the combined statement of cash flows and for presentation on 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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**F. Inventory**

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

MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)

in the enterprise funds consists of donated food, purchased food, and school supplies held for resale and is expended when used.

**G. Property, Plant and Equipment**

1. General Fixed Assets Account Group

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

2. Proprietary Funds

Property plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Depreciation has been provided for furniture, fixtures, and equipment on a straight line basis over an estimated useful life of ten years.

**H. Intergovernmental Revenues**

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned. This District currently participates in various state and federal programs, categorized as follows:

**Entitlements**

General Fund  
State Foundation Program

**Non-Reimbursable Grants**

General Fund  
Equity Fund Grant

Special Revenue Funds

Educational Management Information Systems  
Professional Staff Development Grant  
Professional Technology Development  
Drug Free Grant

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

Title I  
Title VI  
Title VI-B Flow Through  
Teacher Development  
Textbook/Instructional Materials Subsidy  
Eisenhower Grant  
Preschool Disability Grant  
E-Rate Grant

Capital Projects Funds  
School Net Plus Grant  
Technology Equity  
Emergency School Building Repair

**Reimbursable Grants**

General Fund  
Driver Education Reimbursement

Special Revenue Fund  
Vocational Education Equipment Fund

Enterprise Fund  
National School Lunch Program  
Food Distribution Program

**I. Interfund Transactions**

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

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

**J. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets are amounts required by statute to be set-aside by the District for the purchase of textbooks and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**K. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for endowments signifies the legal restrictions on the use of principal.

**L. Compensated Absences**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences". In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future. These compensated absences are measured using the rates in effect at June 30, 2000.

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

**M. 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.

**N. Pass-Through Grants**

The Eisenhower, Title VI-B, and the Handicapped Preschool Special Revenue Funds are pass-through grants which the Northwest Ohio Education Service Center is the primary recipient. In accordance with GASB Statement No. 24 "Accounting and Financial Reporting for Certain Grants

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**O. Total Columns on Financial Statements**

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

**3. CASH AND CASH EQUIVALENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and
6. The Ohio State Treasurer's investment pool (STAR).

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

At fiscal year-end, the District had \$849 in cash and cash equivalents held by the Northwest Ohio Educational Service Center which is included on the balance sheet as "cash and cash equivalents with fiscal agents."

**Cash On Hand** At year end, the District had \$1,650 in undeposited cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents."

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

**Deposits** At year end, the carrying amount of the District's deposits was \$650,774 and the bank balance was \$728,115. Of the bank balance:

1. \$200,000 was covered by Federal Depository Insurance; and
2. \$528,115 was collateralized by securities specifically pledged by the financial institution in the name of the District.

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

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

	Cash and Cash Equivalents Deposits
	<hr/>
GASB Statement 9	\$652,424
Change Funds	<u>(1,650)</u>
GASB Statement 3	<u><u>\$650,774</u></u>

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**4. PROPERTY TAXES**

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

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

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

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

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

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

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

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

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

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

Taxes receivable represent current and delinquent real property, tangible personal property, and public utility property taxes, which are measurable at June 30, 2000. These taxes are intended to finance the next fiscal year's operations, and are therefore offset by a credit to deferred revenue, except for the portion, which is available to advance as of June 30, 2000.

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

	Amount
Agricultural/Residential	\$29,126,260
Commercial/Industrial	8,734,460
Public Utility	4,230,630
General Personal Property	6,098,640
Total valuation	\$48,189,990

**5. FIXED ASSETS**

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

Asset Category	Balance at 6/30/99	Additions	Disposals	Balance at 6/30/00
Land and Improvements	\$21,419			\$21,419
Buildings and Improvements	3,576,044	\$446,562		4,022,606
Furniture and Equipment	840,067	169,724		1,009,791
Vehicles	354,481	71,602	\$26,802	399,281
Text and Library Books	374,691	31,397		406,088
Construction in Progress	174,585		174,585	
Totals	\$5,341,287	\$719,285	\$201,387	\$5,859,185

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

Asset Category	Balance at 6/30/00
Furniture and Equipment	\$49,956
Less: Accumulated Depreciation	(33,857)
Totals	\$16,099

**6. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2000, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	Balance at 7/1/99	Additions	Deductions	Balance at 6/30/00
Elementary School Building	\$680,000		\$85,000	\$595,000
Energy Conservation Loan	117,000		18,000	99,000
Long-Term Bonds	797,000		103,000	694,000
Pension Obligation	22,963		2,510	20,453
Compensated Absences	406,268		41,139	365,129
Total Long-Term Obligations	\$1,226,231		\$146,649	\$1,079,582

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

Debt outstanding at June 30, 2000 consisted of General Obligation Bonds totaling \$595,000 and an Energy Conservation Loan totaling \$99,000 (interest rates at June 30, 2000 were 7.50 percent and 6.33 percent for the bonds and loan, respectively). The bonds were issued in May 1986 and will mature in December 2007. The loan was issued in August 1995 and will mature in August 2005.

Total expenditures for interest for the above debt for the period ended June 30, 2000 was \$51,343.

The scheduled payments of principal and interest on debt outstanding at June 30, 2000 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$103,000	\$46,805	\$149,805
2002	103,000	39,407	142,407
2003	103,000	32,010	135,010
2004	103,000	24,613	127,613
2005	103,000	17,215	120,215
Thereafter	179,000	13,007	192,007
Total	<u>\$694,000</u>	<u>\$173,057</u>	<u>\$867,057</u>

**7. COMPENSATED ABSENCES**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 20 days. Employees with less than one year of service earn one vacation day per month worked, not to exceed five days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

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

At June 30, 2000 the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the General Long-Term Obligation Account Group were \$35,257 and \$365,129, respectively. The liability for compensated absences in the proprietary funds at June 30, 2000 was \$3,469.

**8. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$384,898, \$343,314, and \$316,645, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$67,191 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan member and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available 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.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. For fiscal year 2000, 9.79 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$75,144, \$76,558, and \$64,543, respectively; 62 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$28,643 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the general long-term obligations account group.

**9. POSTEMPLOYMENT BENEFITS**

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8 percent of covered payroll.

For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

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

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate is 6.30 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of the District's employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 2000, as certified to the District by SERS.

**10. ENTERPRISE FUNDS SEGMENT INFORMATION**

The District maintains three Enterprise Funds, which provide lunchroom/cafeteria, uniform school supply services, and adult education. Segment information for the year ended June 30, 2000 was as follows:

	Food Service	Uniform School Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$137,250	\$29,399		\$166,649
Depreciation Expense	882			882
Operating Income (Loss)	(78,562)	(139)		(78,701)
Donated Commodities	25,248			25,248
Grants	55,931			55,931
Interest	233			233

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Net Income (Loss)	2,850	(139)		2,711
Net Working Capital	(14,427)	34,211	\$367	20,151
Total Assets	34,345	34,211	367	68,923
Total Liabilities	32,673			32,673
Total Equity	1,672	34,211	367	36,250

**11. INTERFUND TRANSACTIONS**

Transfer between funds during the year ended June 30, 2000 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$34,332
Debt Service	\$16,142	
Capital Projects	23,098	4,908
Total All Funds	<u>\$39,240</u>	<u>\$39,240</u>

Interfund balances at June 30, 2000 consist of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General		\$70,000
Debt Service	\$20,000	
Capital Projects	53,666	3,666
Total All Funds	<u>\$73,666</u>	<u>\$73,666</u>

**12. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Williams, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the School District to NWOCA during this fiscal year were \$30,264. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Williams, Fulton, Henry, and Williams counties.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**C. Four County Career Center**

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Williams, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Career Center possesses its own budgeting and taxing authority. The District made no payments to the Four County Career Center. To obtain financial information write to the Four County Career Center, Michele Zeedyk, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**13. RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured. Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage from last year.

**B. Employee Insurance Benefits Program**

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

**C. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

**14. INSURANCE POOLS**

**A. NBEC Employee Insurance Benefits Program**

Northern Buckeye Education Council Employee Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Williams, Fulton, Henry, and Williams counties. The Pool is governed by the Northern Buckeye Education Council and its participating members. The District paid \$372,664 in premiums during the 2000 fiscal year. Financial information can be obtained from Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. NBEC Workers' Compensation Group Rating Plan**

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program. The District's fee was \$555 for the fiscal year.

**15. AGENCY FUNDS**

General-Purpose Statement of Changes in Assets and Liabilities For the Period Ending June 30, 2000			
	Balance at 6/30/99	Change	Balance at 6/30/00
Assets	\$19,827	\$3,252	\$23,079
Liabilities	\$19,827	\$3,252	\$23,079

**16. ACCOUNTABILITY**

At June 30, 2000, the General and Classroom Facilities Funds had deficit fund balances of \$361,047 and \$2,720, which were created by the application of generally accepted accounting principles.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**17. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999			\$19,862	
Current Year Set-aside Requirement	\$95,218	\$95,218		
Current Year Offsets	(16,257)			
Qualifying Disbursements	<u>(54,417)</u>	<u>(108,228)</u>		
Total	<u>\$24,544</u>	<u>(\$13,010)</u>	<u>\$19,862</u>	
Cash Balance Carried Forward to FY 2001	<u>\$24,544</u>		<u>\$19,862</u>	
Amount restricted for Textbooks				\$24,544
Amount restricted for Budget Stabilization				<u>19,862</u>
Total Restricted Assets				<u>\$44,406</u>

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

**18. STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$2,479,019 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

opinion on this issue. The Court concluded, "the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "major areas warrant further attention, study, and development by the General Assembly," including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.



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

Millcreek-West Unity Local School District  
Williams County  
113 South Defiance Street  
West Unity, Ohio 43570-0505

To the Board of Education:

We have audited the financial statements of Millcreek-West Unity Local School District, Williams County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 27, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 27, 2000.

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

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

**Jim Petro**  
Auditor of State

December 27, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**MILLCREEK - WEST UNITY LOCAL SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 16, 2001**