



**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

JIM PETRO
Auditor of State

December 13, 2001

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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$2,444,241	\$418,751	\$1,333,655	\$16,872,199
Investments	2,500,000	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	17,968,249	0	2,070,890	2,591,436
Accounts	7,569	0	0	100,000
Intergovernmental	0	142,421	0	0
Interest	35,942	0	0	0
Interfund Loans Receivable	403,274	0	0	0
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	40,660	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	155,838	0	0	0
Cash with Fiscal Agent	0	0	0	140,372
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$23,555,773	\$561,172	\$3,404,545	\$19,704,007
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$155,364	\$12,635	\$0	\$2,315,017
Accrued Wages and Benefits	1,605,188	52,284	0	0
Interfund Loans Payable	0	132,158	0	16,075
Intergovernmental Payables	488,884	15,295	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Accrued Interest Payable	0	0	0	8,775
Deferred Revenue - Taxes	16,444,774	0	1,881,349	2,360,654
Deferred Revenue	34,375	0	0	0
Claims Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Note Payable	0	0	0	3,400,000
General Obligation Bonds Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Installment Loans Payable	0	0	0	0
Total Liabilities	18,728,585	212,372	1,881,349	8,100,521
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings - Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	614,626	41,914	0	6,605,699
Reserved for Property Tax	1,523,475	0	189,541	230,782
Statutory Reserves	155,838	0	0	0
Reserved for Prepaid Items	40,660	0	0	0
Reserved for Debt Service	0	0	1,333,655	0
Unreserved:				
Designated for Budget Stabilization	361,632	0	0	0
Undesignated	2,130,957	306,886	0	4,767,005
Total Equity and Other Credits	4,827,188	348,800	1,523,196	11,603,486
Total Liabilities, Equity and Other Credits	\$23,555,773	\$561,172	\$3,404,545	\$19,704,007

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$230,792	\$425,640	\$65,920	\$0	\$0	\$21,791,198
0	0	0	0	0	2,500,000
0	0	0	0	0	22,630,575
133	0	0	0	0	107,702
21,510	0	0	0	0	163,931
0	0	0	0	0	35,942
0	0	0	0	0	403,274
11,960	0	0	0	0	11,960
0	0	0	0	0	40,660
0	0	0	0	0	155,838
0	0	0	0	0	140,372
206,580	0	0	54,088,715	0	54,295,295
0	0	0	0	1,333,655	1,333,655
0	0	0	0	44,665,135	44,665,135
<u>\$470,975</u>	<u>\$425,640</u>	<u>\$65,920</u>	<u>\$54,088,715</u>	<u>\$45,998,790</u>	<u>\$148,275,537</u>
\$1,142	\$31,250	\$0	\$0	\$0	\$2,515,408
46,397	0	0	0	0	1,703,869
252,232	2,809	0	0	0	403,274
68,262	0	0	0	172,310	744,751
0	0	47,162	0	0	47,162
0	0	3,227	0	0	3,227
0	0	0	0	0	8,775
0	0	0	0	0	20,686,777
6,672	0	0	0	0	41,047
0	325,000	0	0	0	325,000
0	0	0	0	15,000	15,000
0	0	0	0	0	3,400,000
0	0	0	0	41,436,804	41,436,804
32,953	0	0	0	2,157,155	2,190,108
0	0	0	0	597,521	597,521
0	0	0	0	1,620,000	1,620,000
<u>407,658</u>	<u>359,059</u>	<u>50,389</u>	<u>0</u>	<u>45,998,790</u>	<u>75,738,723</u>
0	0	0	54,088,715	0	54,088,715
113,359	0	0	0	0	113,359
(50,042)	66,581	0	0	0	16,539
0	0	0	0	0	7,262,239
0	0	0	0	0	1,943,798
0	0	0	0	0	155,838
0	0	0	0	0	40,660
0	0	0	0	0	1,333,655
0	0	0	0	0	361,632
0	0	15,531	0	0	7,220,379
<u>63,317</u>	<u>66,581</u>	<u>15,531</u>	<u>54,088,715</u>	<u>0</u>	<u>72,536,814</u>
<u>\$470,975</u>	<u>\$425,640</u>	<u>\$65,920</u>	<u>\$54,088,715</u>	<u>\$45,998,790</u>	<u>\$148,275,537</u>

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<i>Governmental</i>				<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>				<i>Fund Type</i>	
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$17,728,448	\$0	\$2,100,826	\$2,533,234	\$0	\$22,362,508
Tuition	21,598	0	0	0	0	21,598
Transportation Fees	13,814	0	0	0	0	13,814
Investment Earnings	649,945	0	369,224	569,893	1,907	1,590,969
Extracurricular Activities	0	307,920	0	0	0	307,920
Class Material and Fees	66,119	0	0	0	0	66,119
Intermediate Sources	0	2,300	0	0	0	2,300
Intergovernmental - State	7,979,693	263,842	143,672	402,406	0	8,789,613
Intergovernmental - Federal	5,788	1,034,171	0	0	0	1,039,959
All Other Revenues	233,833	128,239	0	0	3,996	366,068
Total Revenues	26,699,238	1,736,472	2,613,722	3,505,533	5,903	34,560,868
Expenditures:						
Current:						
Instruction	14,848,327	541,820	0	1,254,199	0	16,644,346
Supporting Services:						
Pupils	1,337,191	189,726	0	199,408	0	1,726,325
Instructional Staff	1,426,398	217,842	0	0	0	1,644,240
Board of Education	173,210	0	0	0	0	173,210
Administration	2,441,909	91,052	0	0	0	2,532,961
Fiscal Services	627,930	1,000	34,848	47,858	0	711,636
Business	144,477	3,001	0	0	0	147,478
Operation and Maintenance of Plant	3,237,497	11,616	0	970,196	0	4,219,309
Pupil Transportation	1,300,561	5,601	0	9,500	0	1,315,662
Central	0	62,327	0	0	3,487	65,814
Community Services	141	98,650	0	18,692	1,375	118,858
Extracurricular Activities	535,258	278,266	0	0	0	813,524
Other Expenditures	992	0	0	0	0	992
Capital Outlay	0	22,600	0	15,038,562	0	15,061,162
Debt Service:						
Principal Retirement	0	0	1,135,000	0	0	1,135,000
Interest and Fiscal Charges	0	0	1,869,946	740,425	0	2,610,371
Total Expenditures	26,073,891	1,523,501	3,039,794	18,278,840	4,862	48,920,888
Excess (Deficiency) of Revenues Over (Under) Expenditures	625,347	212,971	(426,072)	(14,773,307)	1,041	(14,360,020)

(Continued)

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<i>Governmental</i>				<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>				<i>Fund Type</i>	
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	9,000	0	0	0	0	9,000
Refunds of Prior Years' Expenditures (Receipts)	133,921	(6,675)	0	(24,653)	0	102,593
Proceeds from Sale of Bonds	0	0	0	14,699,995	0	14,699,995
Proceeds from Refunding of Bonds	0	0	9,731,512	0	0	9,731,512
Proceeds from Premium on Bonds	0	0	137,820	237,344	0	375,164
Payment to Refunded Bond Escrow	0	0	(9,631,456)	0	0	(9,631,456)
Operating Transfers In	0	16,209	230,726	508,655	0	755,590
Operating Transfers Out	(255,549)	0	(508,655)	0	0	(764,204)
Other Financing Sources - Capital Lease	250,000	0	0	0	0	250,000
Total Other Financing Sources (Uses)	<u>137,372</u>	<u>9,534</u>	<u>(40,053)</u>	<u>15,421,341</u>	<u>0</u>	<u>15,528,194</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	762,719	222,505	(466,125)	648,034	1,041	1,168,174
Fund Balance Beginning of Year	4,064,469	126,295	1,989,321	10,955,452	14,490	17,150,027
Fund Balance End of Year	<u>\$4,827,188</u>	<u>\$348,800</u>	<u>\$1,523,196</u>	<u>\$11,603,486</u>	<u>\$15,531</u>	<u>\$18,318,201</u>

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2001

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$16,560,177	\$17,156,173	\$595,996	\$0	\$0	\$0
Tuition	17,500	21,598	4,098	0	0	0
Transportation Fees	7,000	13,814	6,814	0	0	0
Investment Earnings	550,000	671,521	121,521	0	0	0
Extracurricular Activities	0	0	0	260,624	307,920	47,296
Class Material and Fees	80,442	66,135	(14,307)	0	0	0
Intermediate Sources	0	0	0	2,300	2,300	0
Intergovernmental - State	6,968,212	7,979,693	1,011,481	276,353	263,842	(12,511)
Intergovernmental - Federal	5,654	14,598	8,944	1,438,691	1,081,351	(357,340)
All Other Revenues	86,936	233,918	146,982	115,977	128,239	12,262
Total Revenues	24,275,921	26,157,450	1,881,529	2,093,945	1,783,652	(310,293)
Expenditures:						
Current:						
Instruction	15,741,831	15,190,578	551,253	690,818	550,953	139,865
Supporting Services:						
Pupils	1,343,592	1,311,271	32,321	214,470	190,958	23,512
Instructional Staff	1,840,498	1,347,805	492,693	276,599	221,421	55,178
Board of Education	467,158	214,575	252,583	0	0	0
Administration	2,484,051	2,448,727	35,324	102,239	85,634	16,605
Fiscal Services	657,530	628,928	28,602	2,000	1,000	1,000
Business	148,637	139,510	9,127	3,497	3,001	496
Operation and Maintenance of Plant	3,240,562	3,122,214	118,348	40,000	14,756	25,244
Pupil Transportation	1,295,810	1,292,795	3,015	11,175	5,601	5,574
Central	0	0	0	98,511	62,266	36,245
Community Services	141	141	0	129,789	116,032	13,757
Extracurricular Activities	627,057	538,700	88,357	433,729	282,552	151,177
Other Expenditures	992	992	0	0	0	0
Capital Outlay	0	0	0	22,600	22,600	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	27,847,859	26,236,236	1,611,623	2,025,427	1,556,774	468,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,571,938)	(78,786)	3,493,152	68,518	226,878	158,360
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	9,000	9,000	0	0	0
Refunds of Prior Years' Expenditures (Receipts)	270,000	224,502	(45,498)	(15,320)	(15,320)	0
Proceeds from Sale of Notes	0	0	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Proceeds from Premium of Bonds	0	0	0	0	0	0
Operating Transfers In	0	0	0	34,659	28,582	(6,077)
Operating Transfers Out	(242,551)	(242,551)	0	(16,757)	(16,757)	0
Advances In	225,000	488,915	263,915	71,584	144,091	72,507
Advances Out	(273,361)	(334,926)	(61,565)	(488,916)	(488,916)	0
Total Other Financing Sources (Uses)	(20,912)	144,940	165,852	(414,750)	(348,320)	66,430
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,592,850)	66,154	3,659,004	(346,232)	(121,442)	224,790
Fund Balance at Beginning of Year	4,047,588	4,047,588	0	428,756	428,756	0
Prior Year Encumbrances	336,553	336,553	0	57,986	57,986	0
Fund Balance at End of Year	\$791,291	\$4,450,295	\$3,659,004	\$140,510	\$365,300	\$224,790

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

(Continued)

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2001

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$198,000	\$2,043,885	\$1,845,885	\$2,363,174	\$2,457,252	\$94,078
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Investment Earnings	0	369,224	369,224	758,669	886,289	127,620
Extracurricular Activities	0	0	0	0	0	0
Class Material and Fees	0	0	0	0	0	0
Intermediate Sources	0	0	0	0	0	0
Intergovernmental - State	5,300	143,672	138,372	404,718	402,406	(2,312)
Intergovernmental - Federal	0	0	0	0	0	0
All Other Revenues	0	0	0	0	0	0
Total Revenues	203,300	2,556,781	2,353,481	3,526,561	3,745,947	219,386
Expenditures:						
Current:						
Instruction	0	0	0	1,799,793	1,754,730	45,063
Supporting Services:						
Pupils	0	0	0	278,015	264,166	13,849
Instructional Staff	0	0	0	67,163	54,056	13,107
Board of Education	0	0	0	0	0	0
Administration	0	0	0	33,290	32,730	560
Fiscal Services	39,805	34,848	4,957	49,649	48,036	1,613
Business	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	1,211,571	1,194,465	17,106
Pupil Transportation	0	0	0	227,300	227,300	0
Central	0	0	0	0	0	0
Community Services	0	0	0	18,692	18,692	0
Extracurricular Activities	0	0	0	0	0	0
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	28,711,275	21,591,598	7,119,677
Debt Service:						
Principal Retirement	18,235,000	18,235,000	0	0	0	0
Interest and Fiscal Charges	2,278,545	2,278,545	0	0	0	0
Total Expenditures	20,553,350	20,548,393	4,957	32,396,748	25,185,773	7,210,975
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,350,050)	(17,991,612)	2,358,438	(28,870,187)	(21,439,826)	7,430,361
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refunds of Prior Years' Expenditures (Receipts)	0	0	0	(24,653)	(24,653)	0
Proceeds from Sale of Notes	3,400,000	3,400,000	0	13,700,000	13,700,000	0
Proceeds from Sale of Bonds	27,400,000	13,700,000	(13,700,000)	1,000,000	1,000,000	0
Proceeds from Premium of Bonds	39,458	137,820	98,362	0	0	0
Operating Transfers In	1,748,202	1,978,928	230,726	0	0	0
Operating Transfers Out	(1,748,202)	(1,748,202)	0	0	0	0
Advances In	0	0	0	16,075	16,075	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	30,839,458	17,468,546	(13,370,912)	14,691,422	14,691,422	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	10,489,408	(523,066)	(11,012,474)	(14,178,765)	(6,748,404)	7,430,361
Fund Balance at Beginning of Year	1,856,721	1,856,721	0	10,000,288	10,000,288	0
Prior Year Encumbrances	0	0	0	4,758,189	4,758,189	0
Fund Balance at End of Year	\$12,346,129	\$1,333,655	(\$11,012,474)	\$579,712	\$8,010,073	\$7,430,361

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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2001

	<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Local Sources:			
Taxes	\$19,121,351	\$21,657,310	\$2,535,959
Tuition	17,500	21,598	4,098
Transportation Fees	7,000	13,814	6,814
Investment Earnings	1,308,669	1,927,034	618,365
Extracurricular Activities	260,624	307,920	47,296
Class Material and Fees	80,442	66,135	(14,307)
Intermediate Sources	2,300	2,300	0
Intergovernmental - State	7,654,583	8,789,613	1,135,030
Intergovernmental - Federal	1,444,345	1,095,949	(348,396)
All Other Revenues	202,913	362,157	159,244
Total Revenues	<u>30,099,727</u>	<u>34,243,830</u>	<u>4,144,103</u>
Expenditures:			
Current:			
Instruction	18,232,442	17,496,261	736,181
Supporting Services:			
Pupils	1,836,077	1,766,395	69,682
Instructional Staff	2,184,260	1,623,282	560,978
Board of Education	467,158	214,575	252,583
Administration	2,619,580	2,567,091	52,489
Fiscal Services	748,984	712,812	36,172
Business	152,134	142,511	9,623
Operation and Maintenance of Plant	4,492,133	4,331,435	160,698
Pupil Transportation	1,534,285	1,525,696	8,589
Central	98,511	62,266	36,245
Community Services	148,622	134,865	13,757
Extracurricular Activities	1,060,786	821,252	239,534
Other Expenditures	992	992	0
Capital Outlay	28,733,875	21,614,198	7,119,677
Debt Service:			
Principal Retirement	18,235,000	18,235,000	0
Interest and Fiscal Charges	2,278,545	2,278,545	0
Total Expenditures	<u>82,823,384</u>	<u>73,527,176</u>	<u>9,296,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,723,657)	(39,283,346)	13,440,311
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	9,000	9,000
Refunds of Prior Years' Expenditures (Receipts)	230,027	184,529	(45,498)
Proceeds from Sale of Notes	17,100,000	17,100,000	0
Proceeds from Sale of Bonds	28,400,000	14,700,000	(13,700,000)
Proceeds from Premium of Bonds	39,458	137,820	98,362
Operating Transfers In	1,782,861	2,007,510	224,649
Operating Transfers Out	(2,007,510)	(2,007,510)	0
Advances In	312,659	649,081	336,422
Advances Out	(762,277)	(823,842)	(61,565)
Total Other Financing Sources (Uses)	<u>45,095,218</u>	<u>31,956,588</u>	<u>(13,138,630)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,628,439)	(7,326,758)	301,681
Fund Balance at Beginning of Year	16,333,353	16,333,353	0
Prior Year Encumbrances	5,152,728	5,152,728	0
Fund Balance at End of Year	<u>\$13,857,642</u>	<u>\$14,159,323</u>	<u>\$301,681</u>

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Tuition and Fees	\$390,680	\$0	\$390,680
Sales	852,182	0	852,182
Charges for Service	0	2,206,484	2,206,484
Other Operating Revenues	17,198	0	17,198
Total Operating Revenues	<u>1,260,060</u>	<u>2,206,484</u>	<u>3,466,544</u>
<u>Operating Expenses:</u>			
Salaries and Wages	621,180	0	621,180
Fringe Benefits	207,753	0	207,753
Claims	0	2,375,326	2,375,326
Contractual Services	32,795	385,991	418,786
Materials and Supplies	638,003	0	638,003
Depreciation	22,766	0	22,766
Other Operating Expenses	22,588	225	22,813
Total Operating Expenses	<u>1,545,085</u>	<u>2,761,542</u>	<u>4,306,627</u>
Operating Loss	(285,025)	(555,058)	(840,083)
<u>Non-Operating Revenues:</u>			
Operating Grants	171,635	0	171,635
Federally Donated Commodities	69,927	0	69,927
Total Non-Operating Revenues	<u>241,562</u>	<u>0</u>	<u>241,562</u>
Loss Before Operating Transfers	(43,463)	(555,058)	(598,521)
<u>Operating Transfers:</u>			
Operating Transfers In	8,614	0	8,614
Total Operating Transfers	<u>8,614</u>	<u>0</u>	<u>8,614</u>
Net Loss	(34,849)	(555,058)	(589,907)
Retained Earnings (Deficit) at Beginning of Year	<u>(15,193)</u>	<u>621,639</u>	<u>606,446</u>
Retained Earnings (Deficit) at End of Year	<u><u>(\$50,042)</u></u>	<u><u>\$66,581</u></u>	<u><u>\$16,539</u></u>

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$869,380	\$0	\$869,380
Cash Received from Tuition and Fee Payments	390,615	0	390,615
Cash Received from Interfund Charges	0	2,206,484	2,206,484
Cash Payments for Goods and Services	(626,093)	(354,966)	(981,059)
Cash Payments to Employees for Services and Benefits	(820,380)	(2,325,096)	(3,145,476)
Net Cash Used for Operating Activities	<u>(186,478)</u>	<u>(473,578)</u>	<u>(660,056)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Receipt of Interfund Loan Proceeds	171,952	2,809	174,761
Operating Grants Received	172,094	0	172,094
Net Cash Provided by Noncapital Financing Activities	<u>344,046</u>	<u>2,809</u>	<u>346,855</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(6,926)	0	(6,926)
Net Cash Used by Capital and Related Financing Activities	<u>(6,926)</u>	<u>0</u>	<u>(6,926)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	1,570	0	1,570
Net Cash Provided by Investing Activities	<u>1,570</u>	<u>0</u>	<u>1,570</u>
Net Increase (Decrease) in Cash and Cash Equivalents	152,212	(470,769)	(318,557)
Cash and Cash Equivalents at Beginning of Year	78,580	896,409	974,989
Cash and Cash Equivalents at End of Year	<u>\$230,792</u>	<u>\$425,640</u>	<u>\$656,432</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>			
Operating Loss	(\$285,025)	(\$555,058)	(\$840,083)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation Expense	22,766	0	22,766
Donated Commodities Used During the Year	69,927	0	69,927
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(65)	0	(65)
Decrease in Inventory	4,427	0	4,427
Increase (Decrease) in Accounts Payable	(6,154)	31,250	25,096
Increase in Accrued Wages and Benefits	19,604	0	19,604
Increase in Intergovernmental Payables	1,271	0	1,271
Decrease in Deferred Revenue	(907)	0	(907)
Increase in Claims Payable	0	50,230	50,230
Decrease in Compensated Absences	(12,322)	0	(12,322)
Total Adjustments	<u>98,547</u>	<u>81,480</u>	<u>180,027</u>
Net Cash Used for Operating Activities	<u>(\$186,478)</u>	<u>(\$473,578)</u>	<u>(\$660,056)</u>

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

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 160 noncertified and approximately 282 certified teaching personnel and administrative employees providing education to 4,223 students.

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

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

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)*Fiduciary Funds*

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

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

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

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

C. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 2001, and which are not intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

D. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2001.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$762,719	\$222,505	(\$466,125)	\$648,034
Increase (Decrease):				
Accrued Revenues at June 30, 2001, received during FY 2002	(1,935,885)	(142,421)	(189,541)	(330,782)
Accrued Revenues at June 30, 2000, received during FY 2001	1,631,640	189,601	132,600	154,800
Accrued Expenditures at June 30, 2001, paid during FY 2002	2,249,436	212,372	0	2,339,867
Accrued Expenditures at June 30, 2000, paid during FY 2001	(2,005,321)	(550,048)	0	(1,186,691)
FY 2000 Prepays for FY 2001	32,414	0	0	0
FY 2001 Prepays for FY 2002	(40,660)	0	0	0
Proceeds of Notes	0	0	0	17,100,000
Note Retirements	0	0	0	(17,100,000)
Expenditures from Escrow	0	0	0	172,098
Adjustment to Fair Value	21,595	0	0	316,396
Encumbrances Outstanding	(649,784)	(53,451)	0	(8,862,126)
Budget Basis	<u>\$66,154</u>	<u>(\$121,442)</u>	<u>(\$523,066)</u>	<u>(\$6,748,404)</u>

E. Cash and Cash Equivalents

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

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

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

The District has invested funds in the STAR Ohio during 2001. 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, 2001. See Note 5, "Cash, Cash Equivalents and Investments."

G. Inventory

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

H. Fixed Assets and Depreciation

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

1. Property, Plant and Equipment - General Governmental Purposes

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

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

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

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

I. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund
Installment Loans Payable	General Obligation Bond Retirement Fund
Intergovernmental Payable	General Fund, Auxiliary Services Fund, Food Services Fund and Day Care Fund
Compensated Absences	General Fund, Food Services Fund and Day Care Fund
Early Retirement Incentive Payable	General Fund
Capital Leases Payable	General Fund, Capital Improvement Fund

J. Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

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

L. Interfund Transactions

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

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

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

M. Restricted Assets

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

N. Reservations of Fund Balance

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

O. Total Columns on Combined Financial Statements

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

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2001, the District has implemented GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions” and GASB Statement No. 36 “Recipient Reporting for Certain Shared Nonexchange Revenues”. At June 30, 2000, there was no effect on fund balance as a result of implementing GASB 33 and GASB 36.

NOTE 3 - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2001, the District corrected the omission of some construction in progress in the General Fixed Asset Account Group, the related capital lease payable in the General Long-Term Obligations Account Group and related cash with fiscal agent in the Permanent Improvement Fund. The General Fixed Asset Account Group was restated from the balance previously reported of \$37,417,440 to \$37,604,970, an increase of \$187,530. The General Long-Term Obligations Account Group was restated from the balance previously reported of \$32,042,550 to \$32,465,037, an increase of \$422,487. The fund balance of the Permanent Improvement Fund (capital projects) was restated from amounts previously reported as follows:

Description	Capital Projects Fund
Balance at June 30, 2000 (as reported)	\$10,642,982
Correction of Cash with Fiscal Agent	312,470
Restated Balance at July 1, 2000	<u>\$10,955,452</u>

In addition to the above noted changes to fund balances, the prior period adjustments had the following effect on prior year excess of revenues and other financing sources over (under) expenditures and other financing uses:

Description	Capital Projects Fund
Balance at June 30, 2000 (as reported)	\$9,564,368
Correction of Cash with Fiscal Agent	312,470
Restated Balance at July 1, 2000	<u>\$9,876,838</u>

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2001 of \$4,351 in the Chapter II Fund, \$55 in the Early Childhood Development Fund, \$43,660 in the Pacesetter Grant Fund (special revenue funds), and \$16,075 in the Power Up Grant Fund (capital project fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The fund deficit at June 30, 2001 of \$160,190 in the Food Service Fund (enterprise fund) arose from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. These deficits do not exist under the cash basis of accounting.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the District’s deposits was of \$17,550,493 and the bank balance was \$18,120,124. The Federal Deposit Insurance Corporation (FDIC) covered \$300,000 of the bank balance and all remaining deposits were classified as Category 3.

B. Investments

The District’s investments at June 30, 2001 are summarized below:

<u>Categorized Investments</u>	<u>Category 3</u>	<u>Fair Value</u>
Bankers Acceptance	\$247,423	\$247,423
Repurchase Agreements	326,000	326,000
Total Categorized Investments	573,423	573,423
<u>Non-Categorized Investments</u>		
STAR Ohio	N/A	6,463,492
Total Investments	<u>\$573,423</u>	<u>\$7,036,915</u>

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$22,087,408	\$2,500,000
Certificates of Deposit (with maturities of more than 3 months)	2,500,000	(2,500,000)
Bankers Acceptance	(247,423)	247,423
Repurchase Agreements	(326,000)	326,000
STAR Ohio	(6,463,492)	6,463,492
Per GASB Statement No. 3	<u>\$17,550,493</u>	<u>\$7,036,915</u>

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2001 were levied in April 2000 on assessed values as of January 1, 2000, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1998. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

NOTE 6 - PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Marysville Exempted Village School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2001, upon which the 2000 levies were based, were as follows:

	<u>Assessed Values for Collection in:</u>	
	<u>2000 Second Half</u>	<u>2001 First Half</u>
Agricultural/Residential and Other Real Estate	\$348,567,880	\$370,864,870
Public Utility Personal	47,727,460	46,622,390
Tangible Personal Property	<u>155,676,750</u>	<u>155,970,920</u>
Total Assessed Value	<u>\$551,972,090</u>	<u>\$573,458,180</u>
Tax rate per \$1,000 of assessed valuation	\$47.56	\$47.80

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts, interest and intergovernmental receivables.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds at June 30, 2001:

	<u>Interfund Loans</u>	<u>Interfund Loans</u>
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$403,274	\$0
Special Revenue Funds:		
Title II Fund	0	3,877
Title VI-B Fund	0	40,367
Chapter I Fund	0	37,017
Chapter II Fund	0	6,533
Drug Free Grant Fund	0	1,617
Pacesetter Grant Fund	<u>0</u>	<u>42,747</u>
Total Special Revenue Funds	0	132,158
Capital Projects Fund:		
Power Grant Fund	0	16,075
Enterprise Fund:		
Food Service Fund	0	252,232
Internal Service Fund:		
Insurance Fund	<u>0</u>	<u>2,809</u>
Totals	<u>\$403,274</u>	<u>\$403,274</u>

NOTE 9 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for fiscal year 2001:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$255,549
Special Revenue Funds:		
District Managed Student Activity Fund	11,825	0
Auxiliary Services Fund	2,503	0
Drug Free Grant Fund	1,881	0
Totals Special Revenue Funds	16,209	0
Bond Retirement Fund	230,726	508,655
Capital Projects Fund:		
Building Fund	508,655	0
Enterprise Fund:		
Uniform School Supply Fund	8,614	0
Total All Funds	\$764,204	\$764,204

NOTE 10 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 2001:

Class	Restated			June 30, 2001
	June 30, 2000	Additions	Deletions	
Land	\$230,434	\$1,352,425	\$0	\$1,582,859
Buildings	26,081,557	129,630	0	26,211,187
Machinery and Equipment	2,619,008	1,991,145	0	4,610,153
Vehicles	1,049,076	21,800	0	1,070,876
Construction In Progress	7,624,895	13,539,379	(550,634)	20,613,640
Totals	\$37,604,970	\$17,034,379	(\$550,634)	\$54,088,715

B. Proprietary Fixed Assets

Summary by Category at June 30, 2001:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$460,615	(\$254,035)	\$206,580
Total Property, Plant and Equipment	\$460,615	(\$254,035)	\$206,580

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2001, 4.2% was allocated to fund the pension benefit and 9.8% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2001, 2000, and 1999 were \$499,194, \$460,080, and \$411,276, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2001 employer contribution rate (identified above) that was used to fund health care for the year 2001 was 9.8%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2001, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$395,891.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available) were \$140,696,340 and the target level was \$211.0 million. Net assets available for payment of benefits at June 30, 2000 was \$252.3 million.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2001, 9.5% was allocated to fund the pension benefit and 4.5% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2001, 2000, and 1999 were \$1,850,568, \$1,765,272, and \$1,584,288, respectively, which were equal to the required contributions for each year.

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2001, the board allocated employer contributions are equal to 4.5% of covered payroll to the Health Care Reserve Fund, which amounted to \$594,825 for the District. The balance of the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, the net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

NOTE 12 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2001, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation and Personal</u>	<u>Total</u>
Liability	\$1,911,775	\$245,380	\$2,157,155

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

NOTE 13 - NOTES PAYABLE

Notes Payable activity of the District for the year ended June 30, 2001, was as follows:

Note Payable		Balance			Balance
		June 30, 2000	Additions	Deletions	June 30, 2001
Bond Anticipation Note	5.31%	\$3,400,000	\$0	(\$3,400,000)	\$0
Bond Anticipation Note	3.14%	0	3,400,000	0	3,400,000
Bond Anticipation Note	4.79%	0	13,700,000	(13,700,000)	0
		<u>\$3,400,000</u>	<u>\$17,100,000</u>	<u>(\$17,100,000)</u>	<u>\$3,400,000</u>

NOTE 14 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the bonds, installment loan, intergovernmental payable, compensated absences, early retirement incentive, and capital leases of the District for the year ended June 30, 2001 is as follows:

		Balance	Issued	Balance
		June 30, 2000	(Retired)	June 30, 2001
General Long-Term Debt:				
(General Obligation Bonds)				
Fiscal Agent Library	7.00%	\$200,000	(\$100,000)	\$100,000
New High School	7.13%	5,759,999	(810,000)	4,949,999
New Elementary Additions	5.79%	7,704,538	(7,704,538)	0
Refunding New Elementary	3.4-5.15%	0	7,667,973	7,667,973
Fifth/Sixth Elementary	5.79%	14,999,222	0	14,999,222
New Elementary and Middle School	4.35-5.375%	0	13,699,995	13,699,995
		<u>28,663,759</u>	<u>12,753,430</u>	<u>41,417,189</u>
Interest Accretion		0	19,615	19,615
Total General Obligation Bonds		<u>28,663,759</u>	<u>12,773,045</u>	<u>41,436,804</u>
(Installment Loans)				
Energy Conservation Project	4.95%	710,000	(165,000)	545,000
Energy Conservation Project	5.60%	100,000	(25,000)	75,000
Energy Conservation Project	3.4-4.85%	0	1,000,000	1,000,000
Total Installment Loans		<u>810,000</u>	<u>810,000</u>	<u>1,620,000</u>
Total General Long-Term Debt		<u>29,473,759</u>	<u>13,583,045</u>	<u>43,056,804</u>
Other General Long-Term Obligations:				
Intergovernmental Payable		147,478	24,832	172,310
Compensated Absences		2,080,354	76,801	2,157,155
Early Retirement Incentive Payable		15,000	0	15,000
Capital Leases Payable		748,446	250,000	
			<u>(400,925)</u>	<u>597,521</u>
Total Other General Long-Term Obligations		<u>2,991,278</u>	<u>(49,292)</u>	<u>2,941,986</u>
Total General Long-Term Debt and Other General Long-Term Obligations		<u>\$32,465,037</u>	<u>\$13,533,753</u>	<u>\$45,998,790</u>

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

NOTE 14 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2001, follows:

Years	General Obligation Bonds		Installment Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$980,000	\$2,122,530	\$260,000	\$90,527	\$1,240,000	\$2,213,057
2003	880,000	2,077,248	255,000	66,470	1,135,000	2,143,718
2004	905,000	2,033,609	265,000	54,323	1,170,000	2,087,932
2005	980,000	1,987,161	55,000	41,521	1,035,000	2,028,682
2006	357,545	2,664,899	55,000	39,390	412,545	2,704,289
2007-2011	5,347,454	10,614,997	315,000	150,630	5,662,454	10,765,627
2012-2016	1,947,777	14,604,083	415,000	52,017	2,362,777	14,656,100
2017-2030	30,019,413	15,930,316	0	0	30,019,413	15,930,316
Totals	<u>\$41,417,189</u>	<u>\$52,034,843</u>	<u>\$1,620,000</u>	<u>\$494,878</u>	<u>\$43,037,189</u>	<u>\$52,529,721</u>

B. Defeased Debt

In December 1993, the District defeased \$6,165,000 of General Obligation Bonds for the High School Building, dated April 1, 1990, through the issuance of \$6,084,999 of General Obligation Bonds for the High School Building. The net proceeds of the 1993 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$6,165,000 at June 30, 2001, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In March 2001, the District defeased \$7,669,538 of General Obligation Bonds for the New Elementary Additions, dated October 1, 1995, through the issuance of \$7,667,973 of General Obligation Bonds for the New Elementary Additions. The net proceeds of the 2001 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$7,669,538 at June 30, 2001, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. The District reduced its aggregate debt service payments over the life of the refunded bonds by \$375,528 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$120,831.

NOTE 15 - CAPITALIZED LEASES

The District leases several pieces of equipment and vehicles (3 copiers, computer equipment, communications equipment and 9 school buses) under capital leases. The cost of the equipment obtained under capital leases is included in the General Fixed Assets Account Group and the related liability included in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2001:

Year Ending June 30,	Capital Leases
2002	\$379,387
2003	192,853
2004	75,784
2005	4,006
Minimum Lease Payments	652,030
Less: Amount representing interest at the District's incremental borrowing rate of interest	(54,509)
Present Value of minimum lease payments	<u>\$597,521</u>

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains four Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales, Special Services and a Day Care program. The key financial information for the year ended June 30, 2001 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Special Services Rotary	Day Care	Total
Operating Revenues	\$852,182	\$61,908	\$17,198	\$328,772	\$1,260,060
Depreciation Expense	21,067	0	0	1,699	22,766
Operating Income (Loss)	(345,236)	3,202	12,030	44,979	(285,025)
Net Income (Loss)	(103,674)	11,816	12,030	44,979	(34,849)
Operating Grants	171,635	0	0	0	171,635
Federally Donated Commodities	69,927	0	0	0	69,927
Transfers In	0	8,614	0	0	8,614
Property, Plant and Equipment:					
Additions	6,375	0	0	551	6,926
Total Assets	321,956	4,718	20,895	123,406	470,975
Net Working Capital	(218,049)	4,718	20,895	82,126	(110,310)
Total Equity	(46,831)	4,718	20,895	84,535	63,317

NOTE 17 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2001 the District contracted with several different insurance providers for various insurance coverages, as follows:

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

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

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

The District provides group health, dental and vision benefits to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Self Insurance Fund (internal service fund) are available to pay claims and administrative costs. The plan is administered by a third party administrator, E-V Benefits, Inc., which monitors all claim payments. Excess loss coverage, becomes effective after \$90,000 per year per specific claim. There is a lifetime maximum coverage per person of \$2,000,000.

The claims liability of \$325,000 reported in the fund at June 30, 2001 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2001 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2000	\$139,369	\$2,103,100	(\$1,967,699)	\$274,770
2001	274,770	2,375,326	(2,325,096)	325,000

NOTE 18 - CONTRIBUTED CAPITAL

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

	Food Service
	<u>Fund</u>
Contributed Capital at June 30, 2001	<u>\$113,359</u>

NOTE 19 – CONSTRUCTION COMMITMENTS

As of June 30, 2001, the District had the following commitments with respect to capital projects:

<u>Company</u>	<u>Amount Remaining</u>	<u>Company</u>	<u>Amount Remaining</u>
Thomas and Marker	\$620,691	Final Floor	\$6,064
Harold Thomson Fleet	9,216	Louis Polster	166,300
Cleveland Construction	225,253	Stepleton and Ruble Steel	15,540
Kalkreuth Routing	26,308	Brewer Garrett	53,070
Banks Robins	34,420	Stone Creek Interior	65,895
Marr Knapp Crawfis	164,010	Capital Equipment	57,278
Balck and White Tech	88,069	Shelry Process System	3,373
Williamson Builders	67,254	Sollmann Electric	5,769
Weithman Bros.	49,256	Page Engineering	800
Dupont Flooring	178,961	Pete Miller	1,122,680
Hemm's Glass Shop	9,469	Union County Building Department	4,000
Sony Decorating	45,463	Corna/Kokosing Construction	2,805,774
R.L. Smith Roofing	43,225	Royal Elect	249,900
Air Experts	277,163	Tuttle Construction	10,024
Vulcan Enterprises	8,085	ADC Information Technologies	43,081
Harold Thompson Electric	235,000	Star Leasing	525

NOTE 20 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 2000	\$0	\$0	\$474,919	\$474,919
Current Year Set-Aside Requirement	636,297	636,297	(361,632)	910,962
Qualifying Disbursements	(593,746)	(1,667,166)	0	(2,260,912)
Total	<u>\$42,551</u>	<u>(\$1,030,869)</u>	<u>\$113,287</u>	<u>(\$875,031)</u>
Cash Balance Carried Forward to FY 2002	<u>\$42,551</u>	<u>\$0</u>	<u>\$113,287</u>	<u>\$155,838</u>
Amount Restricted for Textbook Reserve				\$42,551
Amount Restricted for Budget Stabilization Reserve				113,287
Total Restricted Assets				<u>\$155,838</u>

The requirement for establishment of a Budget Stabilization set-aside has been deleted from law, along with the requirement to appropriate for this reserve.

NOTE 21 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

B. State School Funding

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

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

NOTE 21 – CONTINGENCIES (Continued)

B. State School Funding (Continued)

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 7, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2001**

Federal Grantor; PASS-THROUGH GRANTOR; Program Title	Pass-Through Grantor Number	Federal CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Dept. of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	045476	10.550	\$0	\$64,735	\$0	\$69,927
National School Lunch	045476-03/04 - PU-2000/2001	10.555	120,472	-	120,472	-
Total U.S. Dept. of Agriculture - Child Nutrition Cluster			120,472	64,735	120,472	69,927
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Dept. of Education</i>						
Special Education Grants to States	045476-6B-SF- 2000/2001	84.027	327,756	-	234,466	-
Special Education - Preschool Grants	045476-PG- S1-2001	84.173	5,262	-	5,411	-
Total Special Education Cluster			333,018	-	239,877	-
Title I Grants to Local Educational Agencies	045476-C1-S1- 2000/2001	84.010	362,457	-	224,002	-
Vocational Education - Basic Grants to States	045476-20-A5- 2001	84.048	17,305	-	21,118	-
Safe and Drug Free Schools - and Communities	045476-DR- S1-2001	84.186	32,156	-	16,314	-
Goals 2000 State and Local Education Systemic Improvement	045476-G2- S2/S8/SP- 2000/2001	84.276	-	-	929	-

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

Federal Grantor; PASS-THROUGH GRANTOR; Program Title	Pass-Through Grantor Number	Federal CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Eisenhower Professional Development Grant	045476-MS- S1-2000/2001	84.281	13,136	-	25,756	-
Innovative Education Program Strategies	045476-C2-S1- 2000/2001	84.298	17,761	-	37,358	-
Reading Excellence Grant	045476-RN- S2-2001	84.338	108,055	-	114,715	-
Class-Size Reduction	045476-CR- S1-2001	84.340	100,671	-	68,553	-
Total Dept. of Education			651,541	-	748,622	-
 <u>U.S. Department of Health and Human Services</u>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program		93.778	5,654	-	5,654	-
 Corporation for National and Community Service						
<i>Passed Through Ohio Department of Education</i>						
Learn and Serve America	04576-SV-S2- 2001	94.004	34,000	-	32,141	-
Total Federal Assistance			\$1,144,685	\$64,735	\$906,889	\$69,927

The accompanying notes to this schedule are an integral part of this schedule.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes 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, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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

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

To the Board of Education:

We have audited the financial statements of Marysville Exempted Village School District, Union County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 13, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-10651-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-10659-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 13, 2001.

Marysville Exempted Village School District
Union 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 the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

December 13, 2001



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

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

To the Board of Education:

We have audited the compliance of Marysville Exempted Village School District, Union County, Ohio, (the District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

Compliance

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

JIM PETRO
Auditor of State

December 13, 2001

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Un(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance 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):	Special Education Cluster - CFDA #84.027/84.173 Safe and Drug-Free Schools - CFDA #84.186
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001
(Continued)

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

2001-10659-001	
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**Athletic Receipts
Finding Paid Under Audit**

Receipts issued for athletic events by the athletic department and athletic director totaled \$300 more than deposits made to the National City Bank. Ohio Rev. Code Section 9.39 states all "public officials are liable for all public money received or collected by them or by their subordinates under color of office."

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Calvin Adams, Athletic Director, in the amount of three hundred dollars (\$300), and in favor of the District's athletic fund.

On October 9, 2001, the Athletic Director made full restitution of the finding amount of \$300.

2001-10659-002	
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Third Party Administrator SAS 70 Report

The District has delegated employees' health insurance claims processing, which is a significant accounting function, to a third-party administrator. The District has not established procedures to reasonably determine that health insurance claims have been completely and accurately processed in accordance with the health insurance contract.

We recommend that the District implement procedures to reasonably assure the completeness and accuracy, including eligibility and allowability, of health insurance claims processed by its third-party administrator. Statement on Auditing Standards No. 70 prescribes testing and reporting standards for audits of claims processing controls which should satisfy this requirement. As described in that Statement, we recommend that the District obtain a Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness from the third party administrator. Such a report, if unqualified, would provide evidence to the District's management that health insurance claims are being processed in conformance with the contract.

3. FINDINGS FOR FEDERAL AWARDS

None

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)

JUNE 30, 2001

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10659-001	The District did not obtain a SAS 70 report from its health insurance third-party administrator.	No	Not corrected.



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MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 22, 2002**