

MAYSVILLE LOCAL SCHOOL DISTRICT
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Maysville Local School District
2739 Pinkerton Road
Zanesville, Ohio 43701

We have reviewed the Independent Auditor's Report of the Maysville Local School District, Muskingum County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

November 26, 2001

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**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 2001**

| <u>Board of Education</u> | <u>Title</u> | <u>Term of Office</u> |
|----------------------------------|---------------------|------------------------------|
| Sherry Zeimer | President | 1/1/98-12/31/01 |
| Robert Lake | Vice President | 1/1/00-12/31/03 |
| Ralph Smith | Member | 1/1/00-12/31/03 |
| Gary Reed | Member | 3/7/01-12/31/01 |
| Shirley Smith | Member | 1/1/98-12/31/01 |

Statutory Legal Counsel

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

Official Address

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

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2001**

| Name | Title | Contract Period | Surety | Amount | Period |
|------------------|----------------|------------------------|---------------|---------------|--------------------|
| Lew Sidwell | Treasurer | 1/1/99-12/31/03 | (A) | \$ 20,000 | 1/1/99 to 12/31/03 |
| Hank Gavarkavich | Superintendent | 8/1/98-7/31/01 | N/A | N/A | N/A |

(A) Nationwide Mutual Insurance Company

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

·General Fund

Special Revenue Fund Type:

·Public School Support Fund
·Jennings Grant Fund
·Venture Capital Fund
·Classroom Facilities Maintenance Fund
·Districted Managed Activities Fund
·Teacher Development Fund
·Latchkey Grant Fund
·Education Management Information Systems Fund
·Preschool Grant Fund
·Disadvantaged Pupil Impact Aid Fund
·Data Communication Fund
·Ohio Schoolnet Fund
·Textbook Subsidy Fund
·SE Transition Funding Fund
·Ohio Reads Grant Fund
·Summer Intervention Fund
·Miscellaneous State Grant Fund
·Title VI-B Fund – Special Education: Assistance to States for Handicapped Children
·Title I Fund – Special Education Needs of Disadvantaged Children
·Title VI Fund – Consolidation of Federal Programs for Elementary and Secondary Education
·Eisenhower Professional Development State Grant
· Drug Free Grant Fund
·Miscellaneous Federal Grant Fund

Debt Service Fund Type:

· Bond Retirement Fund

Capital Projects Fund Type:

·Permanent Improvement Fund
·Classroom Facilities Grant Fund
·Schoolnet Plus Fund
·Video Distance Fund
·Emergency Building Repair Fund
·Technology Equity Grant Fund

PROPRIETARY FUND TYPES:

Enterprise Fund Type:

·Food Service Fund
·Uniform School Supplies Fund
·Kindergarten Snacks Fund

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

INDEX OF FUNDS (CONTINUED)

Internal Service Fund Type:

.Self Insurance Fund

FIDUCIARY FUND TYPES:

Trust Fund Type:

.Special Trust Fund

Agency Fund Type:

.Student Managed Activity Fund

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Board of Education
Maysville Local School District
Zanesville, Ohio

We have audited the accompanying general-purpose financial statements of the Maysville Local School District as of and for the year ended June 30, 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, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Maysville Local School District as of June 30, 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 a report dated October 26, 2001, on our consideration of Maysville Local School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part on 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.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 26, 2001

Maysville Local School District, Ohio

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

| | Governmental Fund Types | | | |
|--|-------------------------|--------------------|------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| <u>Assets and Other Debits:</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and Cash Equivalents | \$1,848,657 | \$355,375 | \$99,881 | \$10,916,732 |
| Investments | 0 | 0 | 0 | 4,747,715 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 48 | 0 | 93,104 |
| <u>Receivables:</u> | | | | |
| Property Taxes | 3,344,169 | 66,746 | 406,456 | 0 |
| Accounts | 2,451 | 144 | 0 | 0 |
| Intergovernmental | 8,301 | 46,134 | 0 | 6,713,689 |
| Accrued Interest | 0 | 0 | 0 | 338,875 |
| Interfund | 22,073 | 0 | 0 | 0 |
| Due from Other Funds | 0 | 0 | 0 | 370 |
| Materials and Supplies Inventory | 1,489 | 0 | 0 | 0 |
| Inventory Held for Resale | 0 | 0 | 0 | 0 |
| Prepaid Items | 110,546 | 3,332 | 0 | 56 |
| <u>Restricted Assets:</u> | | | | |
| Cash and Cash Equivalents | 52,606 | 0 | 0 | 0 |
| Fixed Assets (Net, where applicable, of Accumulated Depreciation) | 0 | 0 | 0 | 0 |
| <u>Other Debits:</u> | | | | |
| Amount Available in Debt Service Fund | 0 | 0 | 0 | 0 |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 | 0 |
| Total Assets and Other Debits | \$5,390,292 | \$471,779 | \$506,337 | \$22,810,541 |
| <u>Liabilities, Fund Equity and Other Credits:</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | \$34,592 | \$4,657 | \$0 | \$7,126 |
| Contracts Payable | 0 | 0 | 0 | 133,492 |
| Retainage Payable | 0 | 0 | 0 | 106,568 |
| Accrued Salaries and Benefits Payable | 1,324,465 | 39,512 | 0 | 0 |
| Intergovernmental Payable | 209,920 | 6,858 | 0 | 0 |
| Interfund Payable | 0 | 22,058 | 15 | 0 |
| Due to Other Funds | 0 | 0 | 0 | 225 |
| Due to Students | 0 | 0 | 0 | 0 |
| Due to Others | 0 | 0 | 0 | 0 |
| Deferred Revenue | 2,467,548 | 91,860 | 246,201 | 6,713,689 |
| Compensated Absences Payable | 42,054 | 0 | 0 | 0 |
| Retirement Incentive Payable | 0 | 0 | 0 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 |
| Capital Leases Payable | 0 | 0 | 0 | 0 |
| School Facilities Bonds Payable | 0 | 0 | 0 | 0 |
| Energy Conservation Bonds Payable | 0 | 0 | 0 | 0 |
| Total Liabilities | 4,078,579 | 164,945 | 246,216 | 6,961,100 |
| <u>Fund Equity and Other Credits:</u> | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 |
| <u>Retained Earnings:</u> | | | | |
| Unreserved (Deficit) | 0 | 0 | 0 | 0 |
| <u>Fund Balances:</u> | | | | |
| Reserved for Encumbrances | 234,420 | 35,550 | 0 | 12,769,498 |
| Reserved for Budget Stabilization | 52,606 | 0 | 0 | 0 |
| Reserved for Inventory | 1,489 | 0 | 0 | 0 |
| Reserved for Property Taxes | 876,621 | 21,020 | 160,254 | 0 |
| Unreserved, Undesignated | 146,577 | 250,264 | 99,867 | 3,079,943 |
| Total Fund Equity (Deficit) and Other Credits | 1,311,713 | 306,834 | 260,121 | 15,849,441 |
| Total Liabilities, Fund Equity and Other Credits | \$5,390,292 | \$471,779 | \$506,337 | \$22,810,541 |

See accompanying notes to the general purpose financial statements

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals (Memorandum Only) |
|------------------------|------------------|----------------------|----------------------|-------------------------------|--------------------------|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Obligations | |
| \$26,466 | \$304,530 | \$50,338 | \$0 | \$0 | \$13,601,979 |
| 0 | 0 | 0 | 0 | 0 | 4,747,715 |
| 0 | 28,721 | 833 | 0 | 0 | 122,706 |
| 0 | 0 | 0 | 0 | 0 | 3,817,371 |
| 9,705 | 0 | 0 | 0 | 0 | 12,300 |
| 0 | 0 | 0 | 0 | 0 | 6,768,124 |
| 0 | 0 | 0 | 0 | 0 | 338,875 |
| 0 | 0 | 0 | 0 | 0 | 22,073 |
| 225 | 0 | 0 | 0 | 0 | 595 |
| 655 | 0 | 0 | 0 | 0 | 2,144 |
| 5,456 | 0 | 0 | 0 | 0 | 5,456 |
| 5,408 | 0 | 0 | 0 | 0 | 119,342 |
| 0 | 0 | 0 | 0 | 0 | 52,606 |
| 27,911 | 0 | 0 | 23,425,503 | 0 | 23,453,414 |
| 0 | 0 | 0 | 0 | 260,121 | 260,121 |
| 0 | 0 | 0 | 0 | 5,345,164 | 5,345,164 |
| <u>\$75,826</u> | <u>\$333,251</u> | <u>\$51,171</u> | <u>\$23,425,503</u> | <u>\$5,605,285</u> | <u>\$58,669,985</u> |
| \$816 | \$0 | \$0 | \$0 | \$0 | \$47,191 |
| 0 | 0 | 0 | 0 | 0 | 133,492 |
| 0 | 0 | 0 | 0 | 0 | 106,568 |
| 49,187 | 27,200 | 0 | 0 | 0 | 1,440,364 |
| 21,551 | 0 | 0 | 0 | 101,748 | 340,077 |
| 0 | 0 | 0 | 0 | 0 | 22,073 |
| 0 | 0 | 370 | 0 | 0 | 595 |
| 0 | 0 | 48,987 | 0 | 0 | 48,987 |
| 0 | 0 | 463 | 0 | 0 | 463 |
| 11,280 | 106,027 | 0 | 0 | 0 | 9,636,605 |
| 24,492 | 0 | 0 | 0 | 822,997 | 889,543 |
| 0 | 0 | 0 | 0 | 50,000 | 50,000 |
| 0 | 161,225 | 0 | 0 | 0 | 161,225 |
| 0 | 0 | 0 | 0 | 132,540 | 132,540 |
| 0 | 0 | 0 | 0 | 4,465,000 | 4,465,000 |
| 0 | 0 | 0 | 0 | 33,000 | 33,000 |
| <u>107,326</u> | <u>294,452</u> | <u>49,820</u> | <u>0</u> | <u>5,605,285</u> | <u>17,507,723</u> |
| 0 | 0 | 0 | 23,425,503 | 0 | 23,425,503 |
| (31,500) | 38,799 | 0 | 0 | 0 | 7,299 |
| 0 | 0 | 0 | 0 | 0 | 13,039,468 |
| 0 | 0 | 0 | 0 | 0 | 52,606 |
| 0 | 0 | 0 | 0 | 0 | 1,489 |
| 0 | 0 | 0 | 0 | 0 | 1,057,895 |
| 0 | 0 | 1,351 | 0 | 0 | 3,578,002 |
| <u>(31,500)</u> | <u>38,799</u> | <u>1,351</u> | <u>23,425,503</u> | <u>0</u> | <u>41,162,262</u> |
| <u>\$75,826</u> | <u>\$333,251</u> | <u>\$51,171</u> | <u>\$23,425,503</u> | <u>\$5,605,285</u> | <u>\$58,669,985</u> |

Maysville Local School District, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2001

| | Governmental Fund Types | | | |
|--|-------------------------|--------------------|------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| <u>Revenues:</u> | | | | |
| Property Taxes | \$2,624,388 | \$57,329 | \$451,238 | \$0 |
| Intergovernmental | 8,434,242 | 1,226,349 | 98,063 | 18,989,600 |
| Interest | 0 | 3,434 | 0 | 451,680 |
| Tuition and Fees | 4,120 | 99,095 | 0 | 0 |
| Rent | 60,360 | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 150,794 | 0 | 0 |
| Miscellaneous | 41,031 | 0 | 0 | 95,980 |
| Total Revenues | 11,164,141 | 1,537,001 | 549,301 | 19,537,260 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,945,870 | 443,825 | 0 | 2,356 |
| Special | 636,058 | 289,994 | 0 | 0 |
| Vocational | 61,427 | 0 | 0 | 0 |
| Adult/Continuing | 0 | 14,977 | 0 | 0 |
| Support Services: | | | | |
| Pupils | 370,700 | 90,104 | 0 | 0 |
| Instructional Staff | 517,896 | 501,015 | 0 | 0 |
| Board of Education | 37,965 | 0 | 0 | 0 |
| Administration | 1,594,777 | 550 | 0 | 0 |
| Fiscal | 252,632 | 0 | 17,373 | 0 |
| Operation and Maintenance of Plant | 953,731 | 2,962 | 0 | 177,343 |
| Pupil Transportation | 647,921 | 3,248 | 0 | 0 |
| Central | 19,930 | 15,000 | 0 | 0 |
| Operation of Non-Instructional Services | 0 | 14,274 | 0 | 0 |
| Extracurricular Activities | 148,963 | 138,731 | 0 | 0 |
| Capital Outlay | 400 | 0 | 0 | 13,217,590 |
| Debt Service: | | | | |
| Principal Retirement | 37,979 | 0 | 152,000 | 0 |
| Interest and Fiscal Charges | 11,227 | 0 | 250,596 | 0 |
| Total Expenditures | 10,237,476 | 1,514,680 | 419,969 | 13,397,289 |
| Excess of Revenues Over Expenditures | 926,665 | 22,321 | 129,332 | 6,139,971 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Proceeds from Sale of Fixed Assets | 30,752 | 0 | 0 | 54,250 |
| Operating Transfers In | 0 | 0 | 0 | 200,000 |
| Operating Transfers Out | (200,000) | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (169,248) | 0 | 0 | 254,250 |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 757,417 | 22,321 | 129,332 | 6,394,221 |
| Fund Balances at Beginning of Year | 555,411 | 284,513 | 130,789 | 9,455,220 |
| Decrease in Reserve for Inventory | (1,115) | 0 | 0 | 0 |
| Fund Balances at End of Year | \$1,311,713 | \$306,834 | \$260,121 | \$15,849,441 |

See accompanying notes to the general purpose financial statements

| Fiduciary Fund Type Expendable Trust | Totals (Memorandum Only) |
|---|--------------------------------|
| \$0 | \$3,132,955 |
| 0 | 28,748,254 |
| 0 | 455,114 |
| 0 | 103,215 |
| 0 | 60,360 |
| 0 | 150,794 |
| 0 | 137,011 |
| <u>0</u> | <u>32,787,703</u> |
| 0 | 5,392,051 |
| 0 | 926,052 |
| 0 | 61,427 |
| 0 | 14,977 |
| 0 | 460,804 |
| 0 | 1,018,911 |
| 0 | 37,965 |
| 0 | 1,595,327 |
| 0 | 270,005 |
| 0 | 1,134,036 |
| 0 | 651,169 |
| 0 | 34,930 |
| 0 | 14,274 |
| 0 | 287,694 |
| 0 | 13,217,990 |
| 0 | 189,979 |
| <u>0</u> | <u>261,823</u> |
| <u>0</u> | <u>25,569,414</u> |
| <u>0</u> | <u>7,218,289</u> |
| 0 | 85,002 |
| 0 | 200,000 |
| <u>0</u> | <u>(200,000)</u> |
| <u>0</u> | <u>85,002</u> |
| 0 | 7,303,291 |
| 1,351 | 10,427,284 |
| <u>0</u> | <u>(1,115)</u> |
| <u>\$1,351</u> | <u>\$17,729,460</u> |

Maysville Local School District, Ohio
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2001

| | General Fund | | |
|---|-------------------|--------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Property Taxes | \$10,079,350 | \$2,493,681 | (\$7,585,669) |
| Intergovernmental | 19,509 | 8,435,911 | 8,416,402 |
| Interest | 0 | 0 | 0 |
| Tuition and Fees | 0 | 4,120 | 4,120 |
| Rent | 0 | 60,360 | 60,360 |
| Extracurricular Activities | 0 | 0 | 0 |
| Miscellaneous | 0 | 41,086 | 41,086 |
| Total Revenues | 10,098,859 | 11,035,158 | 936,299 |
| <u>Expenditures:</u> | | | |
| <u>Current:</u> | | | |
| <u>Instruction:</u> | | | |
| Regular | 5,251,672 | 5,074,601 | 177,071 |
| Special | 615,125 | 626,854 | (11,729) |
| Vocational | 61,850 | 60,221 | 1,629 |
| Adult/Continuing | 0 | 0 | 0 |
| <u>Support Services:</u> | | | |
| Pupils | 355,128 | 380,580 | (25,452) |
| Instructional Staff | 566,219 | 526,818 | 39,401 |
| Board of Education | 41,490 | 34,696 | 6,794 |
| Administration | 1,623,380 | 1,610,135 | 13,245 |
| Fiscal | 253,392 | 253,212 | 180 |
| Operation and Maintenance of Plant | 880,800 | 972,329 | (91,529) |
| Pupil Transportation | 669,780 | 797,502 | (127,722) |
| Central | 43,060 | 22,200 | 20,860 |
| Operation of Non-Instructional Services | 0 | 0 | 0 |
| Extracurricular Activities | 150,140 | 148,391 | 1,749 |
| Capital Outlay | 2,000 | 400 | 1,600 |
| <u>Debt Service:</u> | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| Total Expenditures | 10,514,036 | 10,507,939 | 6,097 |
| Excess of Revenues Over (Under) Expenditures | (415,177) | 527,219 | 942,396 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Sale of Fixed Assets | 0 | 30,752 | 30,752 |
| Advances In | 0 | 3,107 | 3,107 |
| Operating Transfer In | 0 | 0 | 0 |
| Operating Transfer Out | (400,000) | (200,000) | 200,000 |
| Advances Out | 0 | (22,073) | (22,073) |
| Total Other Financing Sources (Uses) | (400,000) | (188,214) | 211,786 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (815,177) | 339,005 | 1,154,182 |
| Fund Balances at Beginning of Year | 1,159,532 | 1,159,532 | 0 |
| Prior Year Encumbrances Appropriated | 121,192 | 121,192 | 0 |
| Fund Balances at End of Year | \$465,547 | \$1,619,729 | \$1,154,182 |

| Special Revenue Funds | | | Debt Service Fund | | |
|-----------------------|------------------|----------------------------------|-------------------|-----------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$0 | \$52,887 | \$52,887 | \$420,361 | \$403,711 | (\$16,650) |
| 1,305,162 | 1,226,349 | (78,813) | 0 | 98,063 | 98,063 |
| 0 | 3,434 | 3,434 | 0 | 0 | 0 |
| 150,702 | 99,295 | (51,407) | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 131,785 | 150,994 | 19,209 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>1,587,649</u> | <u>1,532,959</u> | <u>(54,690)</u> | <u>420,361</u> | <u>501,774</u> | <u>81,413</u> |
| 587,748 | 444,216 | 143,532 | 0 | 0 | 0 |
| 297,442 | 298,759 | (1,317) | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 15,427 | 16,852 | (1,425) | 0 | 0 | 0 |
| 86,037 | 85,097 | 940 | 0 | 0 | 0 |
| 488,775 | 515,007 | (26,232) | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 500 | 550 | (50) | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 17,373 | (17,373) |
| 60,300 | 2,962 | 57,338 | 0 | 0 | 0 |
| 5,073 | 3,248 | 1,825 | 0 | 0 | 0 |
| 26,217 | 15,000 | 11,217 | 0 | 0 | 0 |
| 17,552 | 15,475 | 2,077 | 0 | 0 | 0 |
| 148,755 | 141,710 | 7,045 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 174,000 | 152,000 | 22,000 |
| 0 | 0 | 0 | <u>249,500</u> | <u>250,596</u> | <u>(1,096)</u> |
| <u>1,733,826</u> | <u>1,538,876</u> | <u>194,950</u> | <u>423,500</u> | <u>419,969</u> | <u>3,531</u> |
| <u>(146,177)</u> | <u>(5,917)</u> | <u>140,260</u> | <u>(3,139)</u> | <u>81,805</u> | <u>84,944</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 22,058 | 22,058 | 0 | 15 | 15 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | (3,107) | (3,107) |
| 0 | 22,058 | 22,058 | 0 | (3,092) | (3,092) |
| (146,177) | 16,141 | 162,318 | (3,139) | 78,713 | 81,852 |
| 283,189 | 283,189 | 0 | 21,168 | 21,168 | 0 |
| 16,479 | 16,479 | 0 | 0 | 0 | 0 |
| <u>\$153,491</u> | <u>\$315,809</u> | <u>\$162,318</u> | <u>\$18,029</u> | <u>\$99,881</u> | <u>\$81,852</u> |

(Continued)

Maysville Local School District, Ohio
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2001
 (Continued)

| | Capital Projects Funds | | |
|---|------------------------|--------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Property Taxes | \$0 | \$0 | \$0 |
| Intergovernmental | 18,918,147 | 18,992,370 | 74,223 |
| Interest | 0 | 380,104 | 380,104 |
| Tuition and Fees | 0 | 0 | 0 |
| Rent | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 |
| Gifts and Donations | 0 | 0 | 0 |
| Miscellaneous | 0 | 95,980 | 95,980 |
| Total Revenues | 18,918,147 | 19,468,454 | 550,307 |
| <u>Expenditures:</u> | | | |
| <u>Current:</u> | | | |
| <u>Instruction:</u> | | | |
| Regular | 174,513 | 124,883 | 49,630 |
| Special | 0 | 0 | 0 |
| Vocational | 0 | 0 | 0 |
| Adult/Continuing | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| <u>Support Services:</u> | | | |
| Pupils | 0 | 0 | 0 |
| Instructional Staff | 0 | 0 | 0 |
| Board of Education | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 |
| Fiscal | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 508,823 | 176,410 | 332,413 |
| Pupil Transportation | 0 | 0 | 0 |
| Central | 0 | 0 | 0 |
| Operation of Non-Instructional Services | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 |
| Capital Outlay | 26,912,873 | 26,754,110 | 158,763 |
| <u>Debt Service:</u> | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| Total Expenditures | 27,596,209 | 27,055,403 | 540,806 |
| Excess of Revenues Over (Under) | | | |
| Expenditures | (8,678,062) | (7,586,949) | 1,091,113 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Sale of Fixed Assets | 0 | 54,250 | 54,250 |
| Advances In | 0 | 0 | 0 |
| Operating Transfer In | 0 | 200,000 | 200,000 |
| Operating Transfer Out | 0 | 0 | 0 |
| Advances Out | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 254,250 | 254,250 |
| Excess of Revenues and Other | | | |
| Financing Sources Over (Under) | | | |
| Expenditures and Other Financing Uses | (8,678,062) | (7,332,699) | 1,345,363 |
| Fund Balances at Beginning of Year | 9,292,774 | 9,292,774 | 0 |
| Prior Year Encumbrances Appropriated | 931,985 | 931,985 | 0 |
| Fund Balances at End of Year | \$1,546,697 | \$2,892,060 | \$1,345,363 |

See accompanying notes to the general purpose financial statements

| Expendable Trust Fund | | | Totals (Memorandum Only) | | |
|-----------------------|---------|----------------------------------|--------------------------|-------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$0 | \$0 | \$0 | \$10,499,711 | \$2,950,279 | (\$7,549,432) |
| 0 | 0 | 0 | 20,242,818 | 28,752,693 | 8,509,875 |
| 0 | 0 | 0 | 0 | 383,538 | 383,538 |
| 0 | 0 | 0 | 150,702 | 103,415 | (47,287) |
| 0 | 0 | 0 | 0 | 60,360 | 60,360 |
| 0 | 0 | 0 | 131,785 | 150,994 | 19,209 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 137,066 | 137,066 |
| 0 | 0 | 0 | 31,025,016 | 32,538,345 | 1,513,329 |
| 0 | 0 | 0 | 6,013,933 | 5,643,700 | 370,233 |
| 0 | 0 | 0 | 912,567 | 925,613 | (13,046) |
| 0 | 0 | 0 | 61,850 | 60,221 | 1,629 |
| 0 | 0 | 0 | 15,427 | 16,852 | (1,425) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 441,165 | 465,677 | (24,512) |
| 0 | 0 | 0 | 1,054,994 | 1,041,825 | 13,169 |
| 0 | 0 | 0 | 41,490 | 34,696 | 6,794 |
| 0 | 0 | 0 | 1,623,880 | 1,610,685 | 13,195 |
| 0 | 0 | 0 | 253,392 | 270,585 | (17,193) |
| 0 | 0 | 0 | 1,449,923 | 1,151,701 | 298,222 |
| 0 | 0 | 0 | 674,853 | 800,750 | (125,897) |
| 0 | 0 | 0 | 69,277 | 37,200 | 32,077 |
| 1,351 | 0 | 1,351 | 18,903 | 15,475 | 3,428 |
| 0 | 0 | 0 | 298,895 | 290,101 | 8,794 |
| 0 | 0 | 0 | 26,914,873 | 26,754,510 | 160,363 |
| 0 | 0 | 0 | 174,000 | 152,000 | 22,000 |
| 0 | 0 | 0 | 249,500 | 250,596 | (1,096) |
| 1,351 | 0 | 1,351 | 40,268,922 | 39,522,187 | 746,735 |
| (1,351) | 0 | 1,351 | (9,243,906) | (6,983,842) | 2,260,064 |
| 0 | 0 | 0 | 0 | 85,002 | 85,002 |
| 0 | 0 | 0 | 0 | 25,180 | 25,180 |
| 0 | 0 | 0 | 0 | 200,000 | 200,000 |
| 0 | 0 | 0 | (400,000) | (200,000) | 200,000 |
| 0 | 0 | 0 | 0 | (25,180) | (25,180) |
| 0 | 0 | 0 | (400,000) | 85,002 | 485,002 |
| (1,351) | 0 | 1,351 | (9,643,906) | (6,898,840) | 2,745,066 |
| 1,351 | 1,351 | 0 | 10,758,014 | 10,758,014 | 0 |
| 0 | 0 | 0 | 1,069,656 | 1,069,656 | 0 |
| \$0 | \$1,351 | \$1,351 | \$2,183,764 | \$4,928,830 | \$2,745,066 |

Maysville Local School District, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Retained Earnings
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|--|------------------|---------------------|-----------------------------|
| <u>Revenues:</u> | | | |
| Sales | \$381,893 | \$0 | \$381,893 |
| Charges for Services | 0 | 1,486,809 | 1,486,809 |
| Other Operating Revenues | 902 | 0 | 902 |
| Total Revenues | 382,795 | 1,486,809 | 1,869,604 |
| <u>Expenses:</u> | | | |
| Salaries | 192,931 | 23,400 | 216,331 |
| Fringe Benefits | 92,785 | 0 | 92,785 |
| Purchased Services | 2,056 | 223,783 | 225,839 |
| Materials and Supplies | 31,398 | 0 | 31,398 |
| Cost of Sales | 286,477 | 0 | 286,477 |
| Claims | 0 | 860,344 | 860,344 |
| Depreciation | 3,892 | 0 | 3,892 |
| Other | 1,952 | 0 | 1,952 |
| Total Expenses | 611,491 | 1,107,527 | 1,719,018 |
| Operating Loss | (228,696) | 379,282 | 150,586 |
| <u>Non-Operating Revenues:</u> | | | |
| Federal Donated Commodities | 27,873 | 0 | 27,873 |
| Interest Income | 225 | 0 | 225 |
| Federal and State Subsidies | 195,581 | 0 | 195,581 |
| Total Non-Operating Revenues | 223,679 | 0 | 223,679 |
| Net Loss | (5,017) | 379,282 | 374,265 |
| Retained Earnings (Deficit) at Beginning of Year | (26,483) | (340,483) | (366,966) |
| Retained Earnings (Deficit) at End of Year | (\$31,500) | \$38,799 | \$7,299 |

See accompanying notes to the general purpose financial statements

Maysville Local School District, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001

| | Enterprise Funds | | Variance Favorable (Unfavorable) |
|--|-------------------|-----------------|--|
| | Revised Budget | Actual | |
| <u>Revenues:</u> | | | |
| Sales | \$656,000 | \$365,335 | (\$290,665) |
| Charges for Services | 0 | 0 | 0 |
| Federal and State Subsidies | 0 | 195,581 | 195,581 |
| Other Revenues | 0 | 2,333 | 2,333 |
| Total Revenues | <u>656,000</u> | <u>563,249</u> | <u>(92,751)</u> |
| <u>Expenses:</u> | | | |
| Salaries | 235,000 | 191,737 | 43,263 |
| Fringe Benefits | 120,000 | 96,446 | 23,554 |
| Purchased Services | 4,000 | 1,381 | 2,619 |
| Materials and Supplies | 299,060 | 283,597 | 15,463 |
| Capital Outlay | 11,915 | 18,509 | (6,594) |
| Other | 3,000 | 1,955 | 1,045 |
| Total Expenses | <u>672,975</u> | <u>593,625</u> | <u>79,350</u> |
| Excess of Revenues Over (Under) Expenses | (16,975) | (30,376) | (13,401) |
| Fund Equity at Beginning of Year | 52,204 | 52,204 | 0 |
| Prior Year Encumbrances Appropriated | 1,475 | 1,475 | 0 |
| Fund Equity at End of Year | <u>\$36,704</u> | <u>\$23,303</u> | <u>(\$13,401)</u> |

(Continued)

Maysville Local School District, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001
 (Continued)

| | Internal Service Fund | | |
|--|-----------------------|-----------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | |
| Sales | \$0 | \$0 | \$0 |
| Charges for Services | 1,600,000 | 1,499,530 | (100,470) |
| Federal and State Subsidies | 0 | 0 | 0 |
| Other Revenues | 0 | 0 | 0 |
| Total Revenues | 1,600,000 | 1,499,530 | (100,470) |
| <u>Expenses:</u> | | | |
| Salaries | 27,000 | 27,600 | (600) |
| Fringe Benefits | 0 | 0 | 0 |
| Purchased Services | 1,582,000 | 1,183,820 | 398,180 |
| Materials and Supplies | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total Expenses | 1,609,000 | 1,211,420 | 397,580 |
| Excess of Revenues Over (Under) Expenses | (9,000) | 288,110 | 297,110 |
| Fund Equity at Beginning of Year | 16,420 | 16,420 | 0 |
| Prior Year Encumbrances Appropriated | 0 | 0 | 0 |
| Fund Equity at End of Year | \$7,420 | \$304,530 | \$297,110 |

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

| Revised Budget | Actual | Variance Favorable (Unfavorable) |
|-------------------|------------------|--|
| \$656,000 | \$365,335 | (\$290,665) |
| 1,600,000 | 1,499,530 | (100,470) |
| 0 | 195,581 | 195,581 |
| <u>0</u> | <u>2,333</u> | <u>2,333</u> |
| <u>2,256,000</u> | <u>2,062,779</u> | <u>(193,221)</u> |
| 262,000 | 219,337 | 42,663 |
| 120,000 | 96,446 | 23,554 |
| 1,586,000 | 1,185,201 | 400,799 |
| 299,060 | 283,597 | 15,463 |
| 11,915 | 18,509 | (6,594) |
| <u>3,000</u> | <u>1,955</u> | <u>1,045</u> |
| <u>2,281,975</u> | <u>1,805,045</u> | <u>476,930</u> |
| (25,975) | 257,734 | 283,709 |
| 68,624 | 68,624 | 0 |
| <u>1,475</u> | <u>1,475</u> | <u>0</u> |
| <u>\$44,124</u> | <u>\$327,833</u> | <u>\$283,709</u> |

Maysville Local School District, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|---|------------|------------------|-----------------------------|
| <u>Increase (Decrease) in Cash and Cash Equivalents</u> | | | |
| <u>Cash Flows from Operating Activities:</u> | | | |
| Cash Received from Sales | \$365,336 | \$0 | \$365,336 |
| Cash Received from Quasi-External Transactions with Other Funds | 0 | 1,499,530 | 1,499,530 |
| Cash Payments for Employee Services and Benefits | (287,693) | (27,600) | (315,293) |
| Cash Payments to Suppliers for Goods and Services | (289,428) | (223,783) | (513,211) |
| Cash Payments for Claims | 0 | (962,421) | (962,421) |
| Other Operating Revenues | 2,333 | 0 | 2,333 |
| Other Operating Expenses | (1,955) | 0 | (1,955) |
| | (211,407) | 285,726 | 74,319 |
| <u>Net Cash Provided by (Used for) Operating Activities</u> | | | |
| <u>Cash Flows from Noncapital Financing Activities</u> | | | |
| Acquisition of Capital Assets | (11,387) | 0 | (11,387) |
| Operating Grants Received | 195,581 | 0 | 195,581 |
| | 184,194 | 0 | 184,194 |
| <u>Net Cash Provided by Noncapital Financing Activities</u> | | | |
| | (27,213) | 285,726 | 258,513 |
| <u>Net Increase (Decrease) in Cash and Cash Equivalents</u> | | | |
| Cash and Cash Equivalents Beginning of Year | 53,679 | 47,525 | 101,204 |
| Cash and Cash Equivalents End of Year | \$26,466 | \$333,251 | \$359,717 |

(Continued)

Maysville Local School District, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001
 (Continued)

| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Totals (Memorandum Only)</u> |
|--|--------------------|-----------------------------|---|
| Reconciliation of Operating Loss to Net Cash Provided by <u>(Used for) Operating Activities:</u> | | | |
| Operating Income (Loss) | (\$228,696) | \$379,282 | \$150,586 |
| Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities: | | | |
| Depreciation | 3,892 | 0 | 3,892 |
| Donated Commodities Used During the Year | 27,873 | 0 | 27,873 |
| Changes in Assets and Liabilities: | | | |
| (Increase) Decrease in Accounts Receivable | (9,113) | 17,396 | 8,283 |
| Decrease in Prepaids | 238 | 0 | 238 |
| Decrease in Materials and Supplies Inventory | 193 | 0 | 193 |
| Decrease in Inventory Held for Resale | 1,769 | 0 | 1,769 |
| Increase in Accounts Payable | 337 | 0 | 337 |
| Decrease in Due to Other Funds | (15,965) | 0 | (15,965) |
| Increase in Due from Other Funds | 1,431 | 0 | 1,431 |
| Increase in Deferred Revenue | 8,850 | 12,721 | 21,571 |
| Decrease in Claims Payable | 0 | (119,473) | (119,473) |
| Increase in Accrued Salaries and Benefits Payable | 1,223 | (4,200) | (2,977) |
| Decrease in Intergovernmental Payable | (2,508) | 0 | (2,508) |
| Decrease in Compensated Absences Payable | (931) | 0 | (931) |
| Net Cash Provided by (Used for) Operating Activities | <u>(\$211,407)</u> | <u>\$285,726</u> | <u>\$74,319</u> |

See accompanying notes to the general purpose financial statements

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

Maysville Local School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County, and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. The School District is the 274th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 104 classified employees, 128 certificated full-time teaching personnel, and 10 administrative employees who provide services to 2,113 students and other community members. The School District currently operates five instructional buildings, two administrative buildings, and one garage.

Reporting Entity:

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

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

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types:

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

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

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Data

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. In addition, the Self-Insurance Internal Service fund of the School District has a segregated checking account whose activity is not budgeted by the School District.

Tax Budget:

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals by fund.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions. The treasurer has the authority to allocate fund appropriations to the function and object level of the expenditure.

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including enterprise funds and part of the internal service fund, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the balance sheet. During fiscal year 2001, the Treasurer invested the classroom facilities capital projects fund separately from the pool.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School District has segregated bank accounts for the payroll, athletic account, retainage escrow account, and self insurance monies held separate from the School District's central bank account. These checking accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are kept separate from the School District treasury.

During fiscal year 2001, investments were limited to money market mutual funds, which are reported at fair value based on the fund's current share price, nonparticipating certificates of deposit, which are reported at cost, and STAR Ohio.

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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the permanent improvement capital projects fund during fiscal year 2001 amounted to \$145,840, which includes \$111,410 assigned from other School District funds. The classroom facilities capital projects fund, classroom facilities maintenance fund and the food service enterprise fund also received interest during fiscal year 2001 of \$305,840, \$3,434 and \$225, respectively.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Restricted Assets

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

H. Fixed Assets and Depreciation

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

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

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

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

M. Fund Balance Reserves

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

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

N. Estimates

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Total Columns on General Purpose Financial Statements

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

NOTE 3- CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions” and GASB Statement No. 36, “Reporting for Certain Shared Nonexchange Revenues.” The implementation of GASB Statements 33 and 36 had no effect on fund balance at June 30, 2000.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had deficit fund balances/retained earnings as of June 30, 2001:

| | <u>Deficit Fund Balances/ Retained Earnings</u> |
|--------------------------------|---|
| <u>Special Revenue Funds:</u> | |
| Pre-School Grant | \$11,109 |
| Disadvantaged Pupil Impact Aid | 59 |
| Ohio Reads | 59 |
| Foxfire Alternative School | 360 |
| Drug Free Schools | 5,706 |
| 21 st Century Grant | 25,225 |
| <u>Enterprise Fund:</u> | |
| Food Service | 58,234 |

The deficits in the special revenue and enterprise funds are the result of the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

B. Legal Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001.

| <u>Fund Type/Fund</u> | <u>Estimated Resources</u> | <u>Appropriations</u> | <u>Excess</u> |
|------------------------|----------------------------|-----------------------|---------------|
| Special Revenue Funds: | | | |
| Partnership 2000 Grant | \$1,717 | \$2,217 | \$500 |
| Drug Free Schools | 55,347 | 55,377 | 30 |
| Service Learning Grant | 10,231 | 10,220 | 11 |

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

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

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

| | General | Special Revenue | Debt Service | Capital Projects |
|----------------------|------------------|--------------------|-----------------|----------------------|
| GAAP Basis | \$757,417 | \$22,321 | \$129,332 | \$6,394,221 |
| Revenue Accruals | (128,921) | (4,042) | (47,527) | (68,806) |
| Expenditure Accruals | (2,149) | 13,471 | 0 | (885,783) |
| Unrecorded Cash | (63) | 0 | 0 | 0 |
| Prepaid Items | 13,158 | 1,719 | 0 | 56 |
| Advance In | 3,107 | 22,058 | 15 | 0 |
| Advance Out | (22,073) | 0 | (3,107) | 0 |
| Encumbrances | (281,471) | (39,386) | 0 | (12,772,387) |
| Budget Basis | <u>\$339,005</u> | <u>\$16,141</u> | <u>\$78,713</u> | <u>(\$7,332,699)</u> |

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Income (Loss)/Excess of Revenues and
Transfers In Over (Under) Expenses
All Proprietary Fund Types

| | Enterprise | Internal Service |
|----------------------------------|------------|---------------------|
| GAAP Basis | (\$5,017) | \$379,282 |
| Revenue Accrual | (15,352) | 12,721 |
| Expense Accrual | (1,550) | (75,172) |
| Excess of non-budgeted activity | 0 | (28,721) |
| Prepaid Items | 238 | 0 |
| Materials and Supplies Inventory | 193 | 0 |
| Inventory Held for Resale | 1,769 | 0 |
| Capital Outlay | (11,387) | 0 |
| Depreciation Expense | 3,892 | 0 |
| Encumbrances | (3,162) | 0 |
| Budget Basis | (\$30,376) | \$288,110 |

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$5,934,077 and the bank balance was \$11,924,146. Of the bank balance, \$421,825 was covered by federal depository insurance and \$11,502,321 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

| | Market Value |
|---------------------------|-----------------|
| Money Market Mutual Funds | \$1,071,574 |
| STAR Ohio | 12,059,292 |
| Totals | \$13,130,866 |

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

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

| | Cash and Cash Equivalents/Deposits | Investments |
|---|---------------------------------------|--------------|
| GASB Statement 9 | \$13,777,291 | \$4,747,715 |
| Unrecorded Cash | (63) | 0 |
| Investments of the Cash Management Pool: | | |
| Certificates of Deposit | 4,732,000 | (4,732,000) |
| Money Market Mutual Funds | (1,055,859) | 1,055,859 |
| STAR Ohio | (12,059,292) | 12,059,292 |
| GASB Statement 3 | \$5,394,077 | \$13,130,866 |

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 7 - PROPERTY TAXES (continued)

The assessed values upon which fiscal year 2001 taxes were collected are:

| | <u>2000 Second- Half Collections</u> | | <u>2001 First- Half Collections</u> | |
|---|--|----------------------|---|----------------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$79,243,460 | 78.1% | \$105,666,350 | 82.7% |
| Public Utility | 8,308,590 | 8.2 | 8,439,760 | 6.6 |
| Tangible Personal Property | <u>13,904,810</u> | <u>13.7</u> | <u>13,660,610</u> | <u>10.7</u> |
| Total Assessed Value | <u><u>\$101,456,860</u></u> | <u><u>100.0%</u></u> | <u><u>\$127,766,720</u></u> | <u><u>100.0%</u></u> |
| Tax rate per \$1,000 of assessed valuation | \$41.35 | | \$40.95 | |

The School District receives property taxes from Muskingum County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$1,057,895 and is recognized as revenue. \$876,621 was available to the general fund, \$21,020 was available to the classroom facilities maintenance special revenue fund, and \$160,254 was available to the bond retirement debt service fund. At June 30, 2000, \$875,219 was available to the School District. \$745,914 was available to the general fund, \$16,578 was available to the classroom facilities maintenance special revenue fund, and \$112,727 was available to the bond retirement debt service fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 8 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

| | Amounts |
|-------------------------------------|-------------|
| General Fund | |
| Medicaid | \$3,531 |
| Bus Trip Reimbursements | 4,770 |
| Total General Fund | 8,301 |
| Special Revenue Fund | |
| 21 st Century Grant | 46,134 |
| Capital Projects Fund | |
| School Facilities Commission Grant | \$6,713,689 |
| Total Intergovernmental Receivables | \$6,768,124 |

On December 9, 1998, the School District was awarded \$32,022,957 for the construction of a new school campus under the State’s “Classroom Facilities Program.” Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Historically, a school district repaid the State if the school district’s adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of repayment, the School District set-aside the funds that would have been used for repayment to the State for facilities maintenance. As part of the process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. Legislation effective September 15, 2000, eliminated any possibility that money received by the School District under this program will need to be repaid. As for the end of fiscal year 2001, the School District had received \$25,309,268 of the amount awarded under this program. The remaining amount of \$6,713,689 is recorded as a receivable and a deferred revenue on the balance sheet.

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund’s fixed assets at June 30, 2001, follows:

| | |
|-------------------------------|-----------|
| Furniture and Equipment | \$251,828 |
| Less Accumulated Depreciation | (223,917) |
| Net Fixed Assets | \$27,911 |

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 9 - FIXED ASSETS (continued)

A summary of the changes in general fixed assets during fiscal year 2001 follows:

| <u>Asset Category</u> | <u>Balance at 6/30/00</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at 6/30/01</u> |
|--------------------------------------|-------------------------------|---------------------|------------------|-------------------------------|
| Land and Improvements | \$861,576 | \$0 | \$0 | \$861,576 |
| Buildings and Improvements | 3,242,641 | 0 | 0 | 3,242,641 |
| Furniture, Fixtures and Equipment | 2,047,570 | 102,323 | 13,700 | 2,136,193 |
| Vehicles | 1,237,942 | 40,938 | 27,802 | 1,251,078 |
| Construction in Progress | 2,983,327 | 12,950,688 | 0 | 15,934,015 |
| Total General Fixed Assets | <u>\$10,373,056</u> | <u>\$13,093,949</u> | <u>\$41,502</u> | <u>\$23,425,503</u> |

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, contractor's liability insurance, electronic equipment insurance, and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

| | |
|---|--------------|
| Building and Contents-replacement cost (\$1,000 deductible) | \$28,470,405 |
| Inland Marine (\$1,000 deductible) | 9,828,015 |
| Musical Instruments (\$250 deductible) | 500,000 |
| Employee Benefit Liability (\$1,000 deductible) | 500,000 |
| Automobile Liability (\$250 Comprehensive/\$500 collision) | 2,000,000 |
| Uninsured Motorists (No deductible) | 2,000,000 |
| Contractor's Liability Insurance | |
| Per occurrence | 1,000,000 |
| Total per year | 2,000,000 |
| General Liability | |
| Per occurrence | 2,000,000 |
| Total per year | 5,000,000 |

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 10 - RISK MANAGEMENT (continued)

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$161,225 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

| | Balance at Beginning of Year | Current Year Claims | Claims Payments | Balance at End of Year |
|------|------------------------------------|------------------------|--------------------|---------------------------|
| 2000 | \$191,324 | \$1,418,875 | \$1,329,501 | \$280,698 |
| 2001 | 280,698 | 860,344 | 979,817 | 161,225 |

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$53,384, \$108,759 and \$122,728, respectively; 46 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$24,689 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$575,331, \$320,121 and \$303,459, respectively; 81 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$92,959 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$272,525 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase from 1.3 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$124,564.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days for certified and classified employees.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 13 - EMPLOYEE BENEFITS (continued)

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Central Benefits National in the amount of \$20,000 for all employees enrolled.

C. Retirement Incentive

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

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

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

General fixed assets consisting of copiers and computers have been capitalized in the general fixed assets account group in the amount of \$179,866. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$37,979 in the governmental funds

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

| Fiscal Year Ending June 30, | GLTOAG |
|---|-----------|
| 2002 | \$42,980 |
| 2003 | 42,980 |
| 2004 | 42,980 |
| 2005 | 21,491 |
| Total | 150,431 |
| Less: Amount Representing Interest | (17,891) |
| Present Value of Net Minimum Lease Payments | \$132,540 |

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 15 - CONTRACT OBLIGATIONS

As of June 30, 2001, the School District had contractual purchase commitments for several projects. The amount for each project is as follows:

| <u>Contractor</u> | <u>Fund</u> | <u>Purchase Commitments</u> | <u>Amounts Paid as of 6/30/01</u> | <u>Amounts Remaining on Contracts</u> |
|--------------------------------------|--------------------------|---------------------------------|---------------------------------------|---|
| Cone Elevator | Building Construction | \$39,382 | \$1,798 | \$37,584 |
| City Electric | Building Construction | 850,000 | 343,832 | 506,168 |
| Glass Service | Building Construction | 196,734 | 0 | 196,734 |
| Custom Fabricators | Building Construction | 379,000 | 5,050 | 373,950 |
| Northern Valley Contractors | Building Construction | 5,471,811 | 3,419,749 | 2,052,062 |
| Wasserstrom | Building Construction | 298,113 | 170,240 | 127,873 |
| Weiffenbach Marble | Building Construction | 213,850 | 0 | 213,850 |
| Final Floor | Building Construction | 163,651 | 1,998 | 161,653 |
| Croson-Teepe LLP | Building Construction | 1,166,368 | 656,641 | 509,727 |
| Howards Sheet Metal, Incorporated | Building Construction | 4,026,000 | 2,416,936 | 1,609,064 |
| High Grade Painting | Building Construction | 116,297 | 0 | 116,297 |

(Continued)

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 15 - CONTRACT OBLIGATIONS (continued)

| <u>Contractor</u> | <u>Fund</u> | <u>Purchase Commitments</u> | <u>Amounts Paid as of 6/30/01</u> | <u>Amounts Remaining on Contracts</u> |
|--------------------------------|--------------------------|---------------------------------|---------------------------------------|---|
| Merriam Roofing | Building Construction | 83,900 | 20,786 | 63,114 |
| Franklin Fire Sprinkler Co. | Building Construction | 494,660 | 97,536 | 397,124 |
| Accurate Electric | Building Construction | 1,676,000 | 837,369 | 838,631 |
| Stone Creek Interiors | Building Construction | 284,386 | 6,733 | 277,653 |
| Oral T. Carter | Building Construction | 129,500 | 2,177 | 127,323 |
| Claggett & Sons Inc. | Building Construction | <u>9,100,000</u> | <u>4,078,207</u> | <u>5,021,793</u> |
| Totals | | <u>\$24,689,652</u> | <u>\$12,059,052</u> | <u>\$12,630,600</u> |

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

| | <u>Principal Outstanding 6/30/00</u> | <u>Additions</u> | <u>Deductions</u> | <u>Principal Outstanding 6/30/01</u> |
|---|--|------------------|-------------------|--|
| Energy Conservation Bond Payable | \$95,000 | \$0 | \$62,000 | \$33,000 |
| School Facilities Improvement General Obligation Bonds | 4,555,000 | 0 | 90,000 | 4,465,000 |
| Capital Leases | 170,519 | 0 | 37,979 | 132,540 |
| Pension Obligation | 110,188 | 101,748 | 110,188 | 101,748 |
| Retirement Incentive | 40,000 | 50,000 | 40,000 | 50,000 |
| Compensated Absences | <u>917,832</u> | <u>113,432</u> | <u>208,267</u> | <u>822,997</u> |
| Total General Long-Term Obligations | <u>\$5,888,539</u> | <u>\$265,180</u> | <u>\$548,434</u> | <u>\$5,605,285</u> |

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

On June 26, 1991, the School District issued \$485,634, at an interest rate of 6.78%, in an unvoted general obligation bond for the purpose of installing energy conservation improvements for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The bond was issued for a ten year period with final maturity during fiscal year 2002. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Tax revenues were allocated from the general fund to the bond retirement debt service fund to meet current fiscal year obligations.

The School District issued variable interest rate School Facilities Improvement Bonds in 1999. The bond proceeds represented the local share for the School District's construction of a new school campus which will house all students pursuant to the approval of a \$32,022,957 school facilities grant through the State Department of Education. As a requirement of the grant, the School District was required to pass a 3.4 mill levy. 2.9 mills of the levy proceeds will be used to repay the 1999 School Facilities Improvement Bonds as a condition of the State loan. The remaining .5 mills is used for facilities maintenance. The School District had received \$25,309,268 in grants to date from the School Facilities Commission. The proceeds the School District received in fiscal years 2001, 2000, and 1999 were \$18,852,081, \$5,923,490 and \$533,697. The amount received in fiscal year 2001 is shown as intergovernmental revenue in the capital projects fund in the general purpose financial statements.

Maysville Local School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the \$32,022,957 classroom facilities grant to the State. In lieu of the repayment, the School District must set aside .5 mill of the 3.4 mill levy mentioned above for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires.

The School District's overall legal debt margin was \$4,564,866, with an unvoted debt margin of \$127,767 at June 30, 2001.

Debt service requirements to maturity on the bonds, including \$3,252,049 in interest, are as follows:

| Year Ending <u>June 30</u> | General Long-Term Obligations <u>Account Group</u> |
|-------------------------------|--|
| 2002 | \$400,754 |
| 2003 | 366,433 |
| 2004 | 365,843 |
| 2005-7 | 1,095,023 |
| 2008-10 | 1,094,145 |
| 2011-13 | 1,094,393 |
| 2014-16 | 1,095,675 |
| 2017-19 | 1,112,303 |
| 2020-21 | 745,323 |
| 2022 | <u>380,160</u> |
| Total | <u><u>\$7,750,052</u></u> |

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

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

NOTE 17 - INTERFUND ACTIVITY

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

| <u>Due from/Due to Other Funds</u> | <u>Recipient</u> | <u>Payer</u> |
|------------------------------------|------------------|--------------|
| Capital Projects Fund: | | |
| Permanent Improvement | \$370 | \$225 |
| Enterprise Funds: | | |
| Food Service | 225 | |
| Agency Fund: | | |
| Payroll Agency | 0 | 370 |
| Total Due from/Due to Other Funds | <u>\$595</u> | <u>\$595</u> |

| <u>Interfund Receivable/Payable</u> | <u>Receivable</u> | <u>Payable</u> |
|-------------------------------------|-------------------|-----------------|
| General Fund | \$22,073 | \$0 |
| Special Revenue Fund: | | |
| 21 st Century Grant | 0 | 22,058 |
| Debt Service Fund: | | |
| Bond Retirement | 0 | 15 |
| Total All Funds | <u>\$22,073</u> | <u>\$22,073</u> |

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and kindergarten snacks and supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Maysville Local School District as of and for the fiscal year ended June 30, 2000:

| | <u>Food Service</u> | <u>Uniform School Supplies</u> | <u>Kindergarten Snacks and Supplies</u> | <u>Total Enterprise Funds</u> |
|--|---------------------|--|---|---------------------------------------|
| Operating Revenues | \$331,162 | \$49,571 | \$2,062 | \$382,795 |
| Depreciation Expense | 3,892 | 0 | 0 | 3,892 |
| Operating Income (Loss) | (243,544) | 16,356 | (1,508) | (228,696) |
| Donated Commodities | 27,873 | 0 | 0 | 27,873 |
| Interest Income | 225 | 0 | 0 | 225 |
| Operating Grants | 195,581 | 0 | 0 | 195,581 |
| Other Non-Operating Revenue | 0 | 0 | 0 | 0 |
| Net Income (Loss) | (19,865) | 16,356 | (1,508) | (5,017) |
| Net Working Capital | (59,223) | 35,062 | 522 | 23,640 |
| Total Assets | 40,133 | 35,118 | 575 | 75,826 |
| Long-Term Liabilities to be Paid from Fund Revenues | 24,492 | 0 | 0 | 24,492 |
| Total Equity (Deficit) | (58,234) | 26,212 | 522 | (31,500) |
| Encumbrances Outstanding at June 30, 2001 | 554 | 2,555 | 53 | 3,162 |

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (continued)

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The School District's payments to LACA for fiscal year 2001 were \$48,290. Financial statements for LACA can be obtained from their fiscal agent - the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

B. Mid-East Ohio Vocational School

The Mid-East Ohio Vocational School is a jointly governed organization providing vocational services to its thirteen member school districts. The Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's boards. The Board possesses its own budgeting and taxing authority. The continued existence of the Vocational School is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2001 the School District made no contributions to the Vocational School. To obtain financial information write to the Mid-East Ohio Vocational School District, Cindy Nye, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 45701.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various inservice for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2001.

NOTE 20 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

| | <u>Textbooks</u> | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> |
|--|--------------------|--------------------------------|---------------------------------|
| Set-aside Cash Balance as of June 30, 2000 | (\$167,935) | (\$1,791,580) | \$150,388 |
| Current Year Set-aside Requirement | 226,208 | 226,208 | 0 |
| Current Year Offsets | 0 | (526,133) | 0 |
| Reduction in Budget Stabilization based on Statutory Revision | 0 | 0 | (97,782) |
| Qualifying Disbursements | (199,634) | (5,155,038) | 0 |
| Totals | <u>(\$141,361)</u> | <u>(\$7,246,543)</u> | <u>\$52,606</u> |
| Set-aside Balance Carried Forward to Future Fiscal Years | <u>(\$141,361)</u> | <u>(\$4,732,000)</u> | <u>\$52,606</u> |
| Set-aside Reserve Balance as of June 30,2001 | <u>\$0</u> | <u>\$0</u> | <u>\$52,606</u> |

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. These extra amounts in the textbooks and capital acquisition set-asides may be used to reduce the set-aside requirements of future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$52,606.

Maysville Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 22 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 23 - SUBSEQUENT EVENT

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.

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 November 13, 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.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Board of Education
Maysville Local School District
Zanesville, Ohio

We have audited the general-purpose financial statements of Maysville Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated October 26, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Maysville Local School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of Maysville Local School District in a separate letter dated October 26, 2001.

Internal Control Over Financial Reporting

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 26, 2001

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Board of Education
Maysville Local School District
Zanesville, Ohio

Compliance

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

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned 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 of the Board of Education, management, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
October 26, 2001

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

1. Summary of Auditor's Results

| | | |
|------------------------|--|--|
| (d)(1)(I) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | NO |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | NO |
| (d)(1)(iii) | Was there any reported non-compliance at the financial statement level (GAGAS)? | NO |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | NO |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | NO |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under section. 510? | NO |
| (d)(1)(vii) | Major Programs: | 21 st Century Learning; CFDA#84.287 |
| (d)(1)(viii) Others | Dollar Threshold: Type A\B Programs: | Type A: >\$300,000; Type B: All |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

NONE

3. Findings and Questioned Costs for Federal Awards

NONE

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

| Federal Grantor/ Sub-Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|---|--|---------------------------|--------------------------------------|----------------------|---------------------------------------|---------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE:</u> | | | | | | |
| Pass through Ohio Department of Education | | | | | | |
| Nutrition Cluster | | | | | | |
| National School Breakfast Program | n/a | 10.553 | 14,487 | - | 14,487 | - |
| National School Lunch Program | n/a | 10.555 | 169,799 | - | 169,799 | - |
| Food Distribution Program | n/a | 10.550 | - | 26,267 | - | 27,873 |
| Total Nutrition Cluster | | | 184,286 | 26,267 | 184,286 | 27,873 |
| Total U.S. Department of Agriculture | | | 184,286 | 26,267 | 184,286 | 27,873 |
| <u>U.S. DEPARTMENT OF EDUCATION:</u> | | | | | | |
| Pass through Ohio Department of Education | | | | | | |
| Title I Educationally Deprived Children | 048850C1S12001 048850C1S12000 | 84.010 | 243,010 - | - | 239,283 11,508 | - |
| | | | 243,010 | - | 250,791 | - |
| Title VI-B Special Education Assistance for handicapped Children | 0488506BSF01P 0488506BSF00P | 84.027 | 156,525 - | - | 155,974 1,095 | - |
| | | | 156,525 | - | 157,069 | - |
| Drug Free Schools | 048850DRS100 | 84.186 | 8,708 8,708 | - | 7,524 7,524 | - |
| Goals 2000 Performance Grant | 048850G2S101 048850G2S101 048850G2S102 048850G2S100 048850G2S100 | 84.276 | 35,108 21,000 14,000 - - | - | 35,108 20,647 - 990 3,392 | - |
| | | | 70,108 | - | 60,137 | - |
| Eisenhower Professional Dev. Grant | 048850MSS12001 | 84.281 | 9,098 9,098 | - | 6,223 6,223 | - |
| Innovative Education Program Strategies | 048850CSS12001 | 84.298 | 10,393 10,393 | - | 10,393 10,393 | - |
| Title VI-R Class Size Reduction | 045351CRS12001 | 84.340 | 46,659 46,659 | - | 46,659 46,659 | - |
| (Direct from U.S. Department of Education) | | | | | | |
| 21st Century Community Learning | S287A00 | 84.287A | 283,866 283,866 | - | 305,924 305,924 | - |
| Total U.S. Department of Education | | | 828,367 | - | 844,720 | - |
| <u>CORPORATION for NATIONAL and COMMUNITY SERVICE</u> | | | | | | |
| Pass through Ohio Department of Education | | | | | | |
| Learn and Serve America | 048850SVS401 048850SVS400 | 94.004 | 10,000 - | - | 10,000 220 | - |
| Total Corporation for National and Community Service | | | 10,000 | - | 10,220 | - |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u> | | | | | | |
| Pass through Ohio Department of MR/DD | | | | | | |
| Medical Assistance - CAFS | n/a | 93.778 | 24,021 | - | 24,021 | - |
| Total U. S. Department of Health and Human Services | | | 24,021 | - | 24,021 | - |
| Total Federal Awards Expenditures | | | <u>\$ 1,046,674</u> | <u>\$ 26,267</u> | <u>\$ 1,063,247</u> | <u>\$ 27,873</u> |

See notes to Schedule of Federal Awards Expenditures.

**MAYSVILLE LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the State Grants. It is assumed that federal monies are expended first.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MAYSVILLE LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 4, 2001**