



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

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2006**



**Mary Taylor, CPA**  
Auditor of State



MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Millcreek-West Unity Local School District  
Williams County  
113 South Defiance Street, P.O. Box 505  
West Unity, Ohio 43570-0505

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Millcreek-West Unity Local School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principals. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Millcreek-West Unity Local School District, Williams County, Ohio, as of June 30, 2006 and the respective changes in cash financial position and the budgetary comparison for the General fund for the year then ended in conformity with the basis of accounting in Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 15, 2007

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED**

The discussion and analysis of the financial performance of Millcreek-West Unity Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2006 are as follows:

- In total, net assets increased \$399,314.
- General revenues accounted for \$5,224,144, or 81 percent of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$1,235,554, or 19 percent of total revenues of \$6,459,698.
- The District's major funds included the General Fund and the Bond Retirement Fund. The General Fund had \$5,793,788 in receipts and other financing sources and \$5,323,758 in disbursements and other financing uses. The General Fund's balance increased \$470,030 from the prior fiscal year. The Bond Retirement Fund had \$11,266 in receipts and other financing sources and \$104,498 in disbursements. The Bond Retirement Fund's balance decreased \$93,232 from the prior fiscal year.
- The revenue generated from the Bond Retirement Fund is used to pay for the current portion of bonded debt.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund. The General Fund and the Bond Retirement Fund are the District's major funds.

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2006. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the District discloses a single type of activity - governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General Fund and the Bond Retirement Fund.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.



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

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2006 compared to fiscal year 2005. The increase in cash was attributed to the increase in income tax revenues for fiscal year 2006.

**Table 1  
Net Assets – Cash Basis  
Governmental Activities**

	<b>2006</b>	<b>2005</b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$804,276	\$404,962
Total Assets	<u>804,276</u>	<u>404,962</u>
<b><u>Net Assets:</u></b>		
Restricted	786,105	756,591
Unrestricted	18,171	(351,629)
Total	<u>\$804,276</u>	<u>\$404,962</u>

Table 2 reflects the changes in net assets for fiscal year 2006 compared to fiscal year 2005. Income tax and property taxes had substantial increases during the fiscal year.

**Table 2  
Change in Net Assets – Cash Basis  
Governmental Activities**

	<b>2006</b>	<b>2005</b>
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$840,572	\$714,571
Operating Grants, Contributions and Interest	388,070	384,016
Capital Grants and Contributions	6,912	
Total Program Revenues	<u>1,235,554</u>	<u>1,098,587</u>
General Revenues:		
Property Taxes	1,866,727	1,678,169
Income Taxes	404,261	26,043
Grants and Entitlements	2,876,322	2,708,841
Gifts and Donations	9,570	13,455
Investment Earnings	33,641	15,598
Miscellaneous	31,158	27,100
Advances Net	300	
Proceeds from Sale of Capital Assets	2,165	
Refund of Prior Year Expenditures		45
Total General Revenues	<u>5,224,144</u>	<u>4,469,251</u>
Total Revenues	<u>6,459,698</u>	<u>5,567,838</u>

(Continued)

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

<b><u>Expenses:</u></b>		
Instruction	3,602,130	3,419,198
Support Services:		
Pupils	149,483	146,026
Instructional Staff	138,599	121,299
Board of Education	28,139	25,381
Administration	577,724	535,329
Fiscal	148,754	125,423
Operation and Maintenance of Plant	486,942	451,043
Pupil Transportation	298,733	303,854
Central	48,458	52,616
Non-Instructional	225,843	239,741
Extracurricular Activities	245,476	243,440
Capital Outlay	6,405	4,619
Principal	94,000	103,000
Interest and Fiscal Charges	9,698	16,603
Refund of Prior Year Receipts		50
Total Expenses	<u>6,060,384</u>	<u>5,787,622</u>
Increase (Decrease) in Net Assets	<u>\$399,314</u>	<u>(\$219,784)</u>

Program receipts account for 19 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 59 percent of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for 10 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 8 percent. The remaining 23 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**Governmental Activities**

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities, cash basis, reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
	<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>
Instruction	\$3,602,130	2,688,643	\$3,419,198	\$2,608,913
Support Services:				
Pupils	149,483	149,483	146,026	146,026
Instructional Staff	138,599	138,599	121,299	121,299
Board of Education	28,139	28,139	25,381	25,381
Administration	577,724	569,282	535,329	530,329
Fiscal	148,754	148,754	125,423	125,423
Operation and Maintenance of Plant	486,942	486,942	451,043	451,043
Pupil Transportation	298,733	298,733	303,854	303,854
Central	48,458	48,458	52,616	52,616
Non-Instructional	225,843	(564)	239,741	37,897
Extracurricular Activities	245,476	160,983	243,440	164,907
Capital Outlay	6,405	3,680	4,619	1,694
Principal	94,000	94,000	103,000	103,000
Interest and Fiscal Charges	9,698	9,698	16,603	16,603
Refund of Prior Year Receipts			50	50
Total Expenses	<u>\$6,060,384</u>	<u>\$4,824,830</u>	<u>\$5,787,622</u>	<u>\$4,689,035</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 74 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 80 percent. The remaining 20 percent are derived from tuition and fees, specific grants, and donations.

**The District's Funds**

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds were the General Fund and the Bond Retirement Fund. Total governmental funds had receipts and other financing sources of \$6,470,333 and disbursements and other financing uses of \$6,071,019. The net positive change of \$399,314 in fund balance for the year indicates that the District was able to meet current costs.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2006, the District amended its General Fund budget as needed. Final expenditures were budgeted at \$5,489,100 while actual expenditures were \$5,343,332 a difference of 3%.

There was little change in expenditures in final budget amounts and final budget to actual amounts.

Final budget revenues increased 10% from those originally budgeted due to unanticipated changes in property tax and intergovernmental revenue.

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

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

There was little change in between final budget revenues and actual amounts.

**Debt Administration**

At June 30, 2006, the District had \$85,000 in general obligation bonds for the construction of an elementary building. The bonds were issued for a twenty-two year period with final maturity on December 1, 2006. The bonds are retired from the Bond Retirement Fund.

At June 30, 2006, the District's overall legal debt margin was \$5,339,275, with an un-voted debt margin of \$60,270.

For further information regarding the District's debt, see the notes to the basic financial statements.

**Current Issues**

The District is holding its own in the state of a declining economy and uncertainty in State funding. West Unity is a small rural community of 1,790 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the first year of the State biennium budget. 50.3 percent of District revenue sources is from local funds, 44.0 percent is from State funds, and the remaining 5.7 percent is from Federal funds. The total expenditure per pupil was calculated at \$7,273.

In May 2006, the District's voters approved a 10.4 mill Bond Issue Levy for 28 years and an additional .5 mill Maintenance Levy for 23 years to pay the Local share of a new school with the Ohio School Classroom Facilities Program.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Marilyn Wreede, Treasurer, Millcreek-West Unity Local School District, 113 South Defiance Street, P.O. Box 505, West Unity, OH 43570-0505.

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

**Statement of Net Assets - Cash Basis  
June 30, 2006**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 804,276
Total Assets	<u>804,276</u>
<b>NET ASSETS:</b>	
Restricted for Debt Service	152,460
Restricted for Capital Outlay	1,115
Restricted for Other Purposes	94,010
Restricted for Set Asides	538,520
Unrestricted	18,171
Total Net Assets	<u>\$ 804,276</u>

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2006**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 2,606,793	\$ 590,176	\$ 60,199	\$ 6,912
Special	688,309		256,200	(1,949,506)
Vocational	72,358			(432,109)
Other	234,670			(72,358)
Support Services:				(234,670)
Pupils	149,483			(149,483)
Instructional Staff	138,599			(138,599)
Board of Education	28,139			(28,139)
Administration	577,724	3,442	5,000	(569,282)
Fiscal	148,754			(148,754)
Operation and Maintenance of Plant	486,942			(486,942)
Pupil Transportation	298,733			(298,733)
Central	48,458			(48,458)
Operation of Non-Instructional Services	225,843	162,461	63,946	564
Extracurricular Activities	245,476	84,493		(160,983)
Capital Outlay	6,405		2,725	(3,680)
Debt Service:				
Principal	94,000			(94,000)
Interest and Fiscal Charges	9,698			(9,698)
<b>Totals</b>	<b>\$ 6,060,384</b>	<b>\$ 840,572</b>	<b>\$ 388,070</b>	<b>\$ 6,912</b>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				1,866,727
Income Taxes				404,261
Grants and Entitlements not Restricted to Specific Programs				2,876,322
Gifts and Donations				9,570
Investment Earnings				33,641
Miscellaneous				31,158
Proceeds from Sale of Capital Assets				2,165
Advances Net				300
Total General Revenues				5,224,144
Change in Net Assets				399,314
Net Assets Beginning of Year				404,962
Net Assets End of Year				\$ 804,276

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
June 30, 2006**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 18,171	\$ 152,460	\$ 95,125	\$ 265,756
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	538,520			538,520
Total Assets	\$ 556,691	\$ 152,460	\$ 95,125	\$ 804,276
<b>Fund Balances</b>				
<b>Reserved:</b>				
Reserved for Encumbrances	\$ 19,574		\$ 10,423	\$ 29,997
Reserved for Textbooks and Instructional Materials	268,368			268,368
Reserved for Capital Acquisition	270,152			270,152
Unreserved, Undesignated, Reported in:				
General Fund	(1,403)			(1,403)
Special Revenue Funds			83,587	83,587
Debt Service Funds		\$ 152,460		152,460
Capital Projects Funds			1,115	1,115
Total Fund Balances	\$ 556,691	\$ 152,460	\$ 95,125	\$ 804,276

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2006**

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>All Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 1,866,727			\$ 1,866,727
Income Tax	404,261			404,261
Intergovernmental	2,893,112		\$ 378,192	3,271,304
Interest	31,478	\$ 2,131	32	33,641
Tuition and Fees	556,732		27,389	584,121
Rent	194			194
Extracurricular Activities			85,155	85,155
Gifts and Donations	300		9,270	9,570
Customer Sales and Services	5,861		165,241	171,102
Miscellaneous	31,158			31,158
<b>Total Revenues</b>	<b>5,789,823</b>	<b>2,131</b>	<b>665,279</b>	<b>6,457,233</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,533,889		72,904	2,606,793
Special	448,077		240,232	688,309
Vocational	72,358			72,358
Other	234,670			234,670
Support Services:				
Pupils	148,483		1,000	149,483
Instructional Staff	136,349		2,250	138,599
Board of Education	28,139			28,139
Administration	568,772		8,952	577,724
Fiscal	147,204	800	750	148,754
Operation and Maintenance of Plant	486,942			486,942
Pupil Transportation	298,733			298,733
Central	48,458			48,458
Operation of Non-Instructional Services			225,843	225,843
Extracurricular Activities	162,549		82,927	245,476
Capital Outlay			6,405	6,405
Debt Service:				
Principal		94,000		94,000
Interest		9,698		9,698
<b>Total Expenditures</b>	<b>5,314,623</b>	<b>104,498</b>	<b>641,263</b>	<b>6,060,384</b>
Excess of Revenues Over (Under) Expenditures	<u>475,200</u>	<u>(102,367)</u>	<u>24,016</u>	<u>396,849</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Transfers In		9,135		9,135
Advances In	1,800			1,800
Transfers Out	(9,135)			(9,135)
Advances Out			(1,500)	(1,500)
Proceeds from the Sale of Capital Assets	2,165			2,165
<b>Total Other Financing Sources and Uses</b>	<b>(5,170)</b>	<b>9,135</b>	<b>(1,500)</b>	<b>2,465</b>
<b>Net Change in Fund Balances</b>	<b>470,030</b>	<b>(93,232)</b>	<b>22,516</b>	<b>399,314</b>
Fund Balance at Beginning of Year	86,661	245,692	72,609	404,962
<b>Fund Balance at End of Year</b>	<b>\$ 556,691</b>	<b>\$ 152,460</b>	<b>\$ 95,125</b>	<b>\$ 804,276</b>

See Accompanying Notes to the Basic Financial Statements



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

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual Comparison**

**GENERAL FUND**

**For the Fiscal Year Ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget over (under)</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 1,550,000	\$ 1,867,000	\$ 1,866,727	\$ (273)
Income Tax	377,500	389,125	404,261	15,136
Intergovernmental	2,723,625	2,867,500	2,893,112	25,612
Interest	7,000	20,000	31,478	11,478
Tuition and Fees	475,000	557,000	556,732	(268)
Rent	200	200	194	(6)
Gifts and Donations	250	300	300	
Customer Sales and Services	3,500	3,850	5,861	2,011
Miscellaneous	25,200	30,100	31,158	1,058
Total Revenues	<u>5,162,275</u>	<u>5,735,075</u>	<u>5,789,823</u>	<u>54,748</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,522,207	2,559,039	2,543,043	15,996
Special	406,121	469,596	448,077	21,519
Vocational	78,562	78,562	73,858	4,704
Other	207,520	240,520	234,670	5,850
Support Services:				
Pupils	151,493	152,543	149,151	3,392
Instructional Staff	126,854	141,554	136,809	4,745
Board of Education	29,948	31,662	28,139	3,523
Administration	591,133	593,183	569,074	24,109
Fiscal	151,251	152,951	148,269	4,682
Operation and Maintenance of Plant	504,278	515,336	491,901	23,435
Pupil Transportation	273,709	313,069	299,702	13,367
Central	58,000	60,000	48,458	11,542
Extracurricular Activities	166,560	170,985	163,046	7,939
Total Expenditures	<u>5,267,636</u>	<u>5,479,000</u>	<u>5,334,197</u>	<u>144,803</u>
Excess of Revenues Over (Under) Expenditures	<u>(105,361)</u>	<u>256,075</u>	<u>455,626</u>	<u>199,551</u>
<b>Other Financing Sources and Uses:</b>				
Advances In	45,000	300	1,800	1,500
Proceeds from Sale of Capital Assets		2,000	2,165	165
Transfers Out		(10,000)	(9,135)	865
Refund of Prior Year Receipts	(100)	(100)		100
Total Other Financing Sources and Uses	<u>44,900</u>	<u>(7,800)</u>	<u>(5,170)</u>	<u>2,630</u>
Net Change in Fund Balances	(60,461)	248,275	450,456	202,181
Fund Balance (Deficit) at Beginning of Year	(36,687)	(36,687)	(36,687)	
Prior Year Encumbrances Appropriated	123,348	123,348	123,348	
Fund Balance at End of Year	<u>\$ 26,200</u>	<u>\$ 334,936</u>	<u>\$ 537,117</u>	<u>\$ 202,181</u>

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Fiduciary Net Assets - Cash Basis  
Fiduciary Funds  
June 30, 2006**

	<b>Private Purpose Trust</b>	<b>Agency Fund</b>
<b>Assets</b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>25,287</u>	\$ <u>17,060</u>
Total Assets	<u>25,287</u>	<u>17,060</u>
<b>Liabilities</b>		
Current Liabilities:		
Undistributed Monies	<u>                    </u>	<u>17,060</u>
Total Liabilities	<u>                    </u>	<u>\$ 17,060</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>25,287</u>	<u>                    </u>
Total Net Assets	<u>\$ 25,287</u>	<u>                    </u>

See Accompanying Notes to the Basic Financial Statements

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

**Statement of Changes in Fiduciary Net Assets - Cash Basis  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2006**

		<u>Private Purpose Trust</u>
<b>ADDITIONS:</b>		
Gifts and Contributions	\$	6,500
Interest		<u>129</u>
Total Additions		<u>6,629</u>
<b>DEDUCTIONS:</b>		
Payments in Accordance with Trust Agreements		<u>8,320</u>
Total Deductions		<u>8,320</u>
Change in Net Assets		(1,691)
Net Assets Beginning of Year		<u>26,978</u>
Net Assets End of Year	\$	<u><u>25,287</u></u>

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

Millcreek-West Unity Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's instructional/support facility staffed by 21 non-certified and 56 certified personnel who provide services to 754 students and other community members.

Reporting Entity

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

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

The District is associated with seven organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., the Northern Buckeye Education Council's Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Northwest Ohio Educational Council Self-Insurance Pool Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report more detailed information about the District. The focus of governmental financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column. Fiduciary funds are reported by type.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable cash is assigned to the various governmental funds according to the purposes for which it may or must be used. Expenditures are assigned to the fund from which they are paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District's major funds are the General Fund and the Bond Retirement Fund.

General Fund - The General Fund 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund is used to account for receipts designated to be used for debt service and related disbursements for bond principal, interest and related costs.

The other governmental funds of the District account for grants and other resources whose uses are restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

**C. Basis of Accounting**

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis is a comprehensive of accounting other than generally accepted accounting principles.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

This basis of accounting is similar to the cash receipts and disbursements basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All governmental-wide financials would be presented on the accrual basis of accounting.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds are made by the District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Cash, Cash Equivalents and Investments**

The District deposits and invests cash from all funds in a common pool. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2006, investments were limited to certificates of deposit which are valued at cost.

Following state statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006 amounted to \$31,478, which included \$4,750 assigned from other District funds.

**F. Restricted Assets**

The financial statements classify cash, cash equivalents and investments as restricted when external limitations change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation are the sources of the restrictions. Restricted cash and investments in the General Fund include amounts State statute requires to be set aside for textbooks and instructional materials and capital improvements.

**G. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**I. Interfund Receivables/Payables**

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Compensated Absences**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**K. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-term Obligations**

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

**M. Interfund Activity**

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources (uses). The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

**N. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

There are no amounts restricted by enabling legislation.

**O. Fund Balance Reserves**

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, textbooks and capital acquisition.

The reserves for textbooks and capital acquisition represent money required to be set-aside by state statute for the purchase of textbooks and instructional materials and capital improvements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**3. COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$19,574
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**5. DEPOSITS AND INVESTMENTS**

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active monies must be maintained either as cash in the 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 has identified as not required for use within the current five-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 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 passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**5. DEPOSITS AND INVESTMENTS – (Continued)**

2. Bonds, notes, debentures, or any other obligation or security 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 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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 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.

At year end, the District had \$100 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**6. LONG TERM OBLIGATIONS**

Changes in long-term obligations of the District during fiscal year 2006 were as follows:

	Balance at 07/01/05	Additions	Deductions	Balance at 06/30/06	Due Within One Year
1986 School Improvement Bonds Rate 7.50%	\$170,000		\$85,000	\$85,000	\$85,000
1995 Energy Conservation Bonds Rate 2.84%	9,000		9,000		
<b>Total</b>	<b>\$179,000</b>		<b>\$94,000</b>	<b>\$85,000</b>	<b>\$85,000</b>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**6. LONG TERM OBLIGATIONS – (Continued)**

Total expenditures for interest for the above debt for the period ended June 30, 2006, was \$9,698.

1986 School Improvement Bonds – On May 1, 1986, the District issued \$1,700,000 in voted general obligation bonds for constructing additions to, renovating, remodeling, furnishing and equipping existing school buildings and clearing and improving school sites. The bonds are retired from the Bond Retirement Fund from a voted tax levy.

1995 Energy Conservation Bonds – On August 4, 1995, the District issued \$180,000 in unvoted general obligation bonds for installations, modifications, and remodeling of school buildings to conserve energy. The bonds are retired from the Bond Retirement Fund from an unvoted tax levy.

The scheduled payments of principal and interest on debt outstanding at June 30, 2006 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	<u>\$85,000</u>	<u>\$3,188</u>	<u>\$88,188</u>
Total	<u>\$85,000</u>	<u>\$3,188</u>	<u>\$88,188</u>

The District's overall debt margin was \$5,339,275 with an unvoted debt margin of \$60,270 at June 30, 2006.

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property, public utility property, and tangible personal (used in business) property located in the area served by the District. Real property tax revenues received in calendar year 2006 represent the collection calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**7. PROPERTY TAXES – (Continued)**

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005, and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Williams County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2006 taxes are based are as follows:

	<b>2005 Second- Half Collections</b>		<b>2006 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential	\$42,390,200	73%	\$42,660,710	71%
Industrial/Commercial	6,547,890	11%	6,784,610	11%
Public Utility	2,670,330	5%	2,450,430	4%
Tangible Personal	6,746,420	11%	8,373,970	14%
Total Assessed Value	<u>\$58,354,840</u>	<u>100%</u>	<u>\$60,269,720</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$58.50		\$52.90	

**8. INCOME TAX**

In 2004, the voters of the District passed a one percent school income tax on wages earned by residents of the District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ending June 30, 2006, the District recorded income tax revenue of \$404,261 in the General Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**9. RISK MANAGEMENT**

**A. Comprehensive**

The District participates in the Northwest Ohio Educational Council Self-Insurance Pool Program (the Program), a public entity insurance purchasing pool, which consists of school districts within Northwest Ohio (Note 15). The District pays annual premiums into the program for comprehensive insurance coverage including liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured. The Program has an agreement with Marsh USA for administrative services and Cambridge Integrated Services, Inc. for claims processing.

Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage from last year.

**B. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams counties and other eligible governmental entities (Note 15). The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

**C. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 15). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**10. DEFINED BENEFIT PENSION PLAN**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salary and the District was required to contribute an actuarially determined rate. The rate for fiscal year 2006 was 14 percent of annual covered payroll; 10.58 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$79,350, \$76,360, and \$72,262, respectively, equal to 100 percent of the required contributions for each year.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a financial report, obtainable by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**10. DEFINED BENEFIT PENSION PLAN – (Continued)**

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, presently 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$383,166, \$403,880 and \$387,863, respectively, equal to 100 percent of the required contributions for each year.

**11. POST-EMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certificated 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 funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$29,474 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**11. POST-EMPLOYMENT BENEFITS – (Continued)**

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$34,902.

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 projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

**12. COMPENSATED ABSENCES**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 20 days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-fourth of the accumulated sick leave to a maximum of 38 days. For employees with 10-19 years of service, the maximum is 48 days; for employees with 20 or more years of service, the maximum is 58 days.

**13. STATUTORY RESERVES**

The District is required by State Statute to annually set aside in the General Fund an amount based on the 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 purpose in future years. The following cash basis information describes the change in the year-end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**13. STATUTORY RESERVES – (Continued)**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside Balance as of June 30, 2005	\$252,078	\$186,212	\$438,290
Current Year Set-aside Requirement	97,809	97,809	195,618
Qualifying Disbursements	(81,519)	(13,869)	(95,388)
Total	<u>\$268,368</u>	<u>\$270,152</u>	<u>\$538,520</u>
Balance Carried Forward to FY 2007	<u>\$268,368</u>	<u>\$270,152</u>	<u>\$538,520</u>
Total Restricted Cash Assets	<u>\$268,368</u>	<u>\$270,152</u>	<u>\$538,520</u>

**14. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. The District paid \$59,969 for services rendered through NWOCA. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. The District made no payments to NBEC. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**14. JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

**C. Four County Career Center**

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Fulton County Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. The District made no payments to the Four County Career Center. To obtain financial information write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

**D. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves a twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. The District paid \$290 for services rendered through NOERC. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

**15. GROUP PURCHASING POOLS**

**A. NBEC Employee Insurance Benefits Program**

The Northern Buckeye Education Council Employee Insurance Benefits Program includes health, dental, life and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the Treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**15. GROUP PURCHASING POOLS – (Continued)**

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

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three-member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

**C. Northwest Ohio Educational Council Self-Insurance Pool Program**

The District participates in the Northwest Ohio Educational Council Self-Insurance Pool Program (NOEC Program), which is an insurance purchasing pool. The NOEC Program was created and organized pursuant and as authorized by Section 2744.081 of the Ohio Revised Code. The Northwest Ohio Educational Council (NWOEC) is a Council of Governments created pursuant to Chapter 167.01 of the Ohio Revised Code. The NOEC Program is a non-profit organization to its members and an instrumentality for each member for the purpose of enabling members of the NOEC Program to provide for a formalized, joint insurance program to maintain adequate insurance protection, risk management programs, and other administrative services. The NOEC Program's business and affairs are conducted by a nine member Insurance Committee created by the governing board of the NWOEC. The NOEC Program has an agreement with Marsh USA for administrative services and Cambridge Integrated Services, Inc. for claims processing.

**16. CONTINGENCIES**

**A. Grants**

The 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 District at June 30, 2006.

**B. Litigation**

There are currently no matters in litigation with the District as defendant.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Continued)**

**17. INTERFUND BALANCES**

**A. Interfund Transfers**

During 2006, the General Fund transferred \$9,135 to the Bond Retirement Fund to subsidize the retirement of energy conversation bonds.

**B. Interfund Advances**

A short-term loan made in 2004 from the General Fund to the Future Business Leaders of America (FBLA) Fund in the amount of \$300 was repaid.

A short-term loan of \$3,500 made in 2003 from the General Fund to the Yearbook Fund (a special revenue fund) partially repaid (\$1,500) in 2006 leaving an unpaid amount of \$2,000.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Millcreek-West Unity Local School District  
Williams County  
113 South Defiance Street, P.O. Box 505  
West Unity, Ohio 43570-0505

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Millcreek-West Unity Local School District, Williams County, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2007, wherein, we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Government's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2006-002 through 2006-003.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the District's management dated November 15, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

One Government Center / Suite 1420 / Toledo, OH 43604-2246  
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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001. In a separate letter to the District's management dated November 15, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

November 15, 2007



MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT  
WILLIAMS COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2006

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

FINDING NUMBER 2006-001

**Noncompliance Citation**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code §117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements accepted in this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles

**Officials Response:**

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

FINDING NUMBER 2006-002

**Reportable Condition - Financial Reporting**

As a result of the audit procedures performed, the following error was noted in the financial statements that required material audit adjustments.

The District failed to carryover \$351,629 in set aside balances from the prior year. In addition, qualifying set aside disbursements were underreported by \$13,392. This resulted in the underreporting of Restricted Cash by \$338,037, Reserve for Textbooks and Instructional Supplies by \$136,761, and Reserve for Capital Acquisition by \$201,276.

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

**FINDING NUMBER 2006-002  
(Continued)**

To ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board of Education, to identify and correct errors and omissions. The Treasurer should also review the Uniform School Accounting System manual's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

**Officials Response:**

Management did not respond to this finding.

**FINDING NUMBER 2006-003**

**Reportable Condition - Sales Project Potential Forms**

Sales Project Potential Forms were not completed for several fund raisers. To help insure that class/project fundraiser revenue is properly accounted for and the full amount of profit for the fundraiser is realized by the class or organization, we recommend a Sales Project Potential Form be completed for each project by the project advisor to summarize the financial activity of the project. The form should initially be submitted for approval of the fundraiser by the appropriate personnel. Once the project is approved and completed, it should be sent to the appropriate personnel for final approval. Once approved, the form should be submitted to the Treasurer. The Treasurer should reconcile the financial activity indicated on the form with the financial activity posted for the fundraiser on the District books.

**Officials Response:**

Management did not respond to this finding.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Administrative Code § 117-2-03(B) – Not reporting on GAAP.	No	Not Corrected. Reissued as finding 2006-001.
2005-002	Ohio Revised Code §§ 3315.17(A) and 3315.18(A) – Unused monies designated for textbooks and instructional materials and capital acquisition and maintenance were not carried forward to the next year.	Yes	Finding No Longer Valid
2005-003	Ohio Revised Code §§ 5705.36(A)(2) and 5705.36(A)(4) – Appropriations exceeded available resources in seven funds at year end.	No	Partially Corrected. Reissued as a management letter comment.





**Mary Taylor, CPA**  
Auditor of State

**MILLCREEK-WEST UNITY LOCAL SCHOOL DISTRICT**

**WILLIAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 17, 2008**