



Mary Taylor, CPA  
Auditor of State



**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

St. Marys City School District  
Auglaize County  
101 West South Street  
St. Marys, Ohio 45885

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 St. Marys City School District, Auglaize County, (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion 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 opinion.

Ohio Administrative Code § 117-2-03 (B) requires the School 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 principles. 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 School District, as of June 30, 2008, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2009, on our consideration of the School 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, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected this schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Mary Taylor, CPA**  
Auditor of State

February 2, 2009

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED**

The discussion and analysis of St. Marys City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

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 School District's most significant funds, with all other nonmajor funds presented in total in a single column. For St. Marys City School District, the General Fund, the Bond Retirement debt service fund, the Building capital projects fund, and the Ohio School Facilities Commission capital projects fund are the most significant funds.

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may include the School 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 and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, extracurricular activities, capital outlay, and debt service disbursements.

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

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Bond Retirement debt service fund, the Building capital projects fund, and the Ohio School Facilities Commission capital projects fund.

Governmental Funds - All of the School 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 accounting. The governmental fund financial statements provide a detailed short-term view of the School 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 School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs.

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2008 and fiscal year 2007:

<b>Table 1</b>			
<b>Governmental Activities</b>			
<b>Net Assets</b>			
	<b>2008</b>	<b>2007</b>	<b>Change</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$37,360,957	\$8,382,607	\$28,978,350
<b>Net Assets:</b>			
Restricted	29,980,387	1,564,858	28,415,529
Unrestricted	7,380,570	6,817,749	562,821
Total Net Assets	\$37,360,957	\$8,382,607	\$28,978,350



**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

Total net assets increased \$28,978,350. During fiscal year 2008, the School District issued \$25,749,998 in general obligation bonds for the construction of new school buildings and received \$3,250,000 in Ohio School Facilities Commission grants. The majority of these resources had not been disbursed as of fiscal year end.

Table 2 reflects the change in net assets for fiscal year 2008 and fiscal year 2007.

**Table 2  
Governmental Activities  
Change in Net Assets**

	2008	2007	Change
<b>Receipts:</b>			
<b>Program Receipts</b>			
Charges for Services	\$1,425,838	\$1,352,818	\$73,020
Operating Grants, Contributions, and Interest	2,993,560	2,564,060	429,500
Capital Grants and Contributions	6,359	45,954	(39,595)
Total Program Receipts	4,425,757	3,962,832	462,925
<b>General Receipts</b>			
Property Taxes Levied for General Purposes	6,757,188	7,668,131	(910,943)
Property Taxes Levied for Debt Service	859,863	220,301	639,562
Property Taxes Levied for Permanent Improvements	393,705	438,693	(44,988)
Payment in Lieu of Taxes	19,119	18,304	815
Grants and Entitlements	14,031,327	10,567,576	3,463,751
Interest	832,846	402,749	430,097
Notes Issued	25,750,000		25,750,000
Bonds Issued	25,749,998		25,749,998
Premium on Notes Issued	78,207		78,207
Premium on Bonds Issued	454,518		454,518
Miscellaneous	134,393	164,257	(29,864)
Total General Receipts	75,061,164	19,480,011	55,581,153
Total Receipts	79,486,921	23,442,843	56,044,078
<b>Disbursements:</b>			
<b>Instruction:</b>			
Regular	9,538,570	9,202,237	(336,333)
Special	2,274,439	1,804,963	(469,476)
Vocational	1,455,723	1,431,779	(23,944)
Adult/Continuing	55,665	54,164	(1,501)

(Continued)

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Table 2  
Governmental Activities  
Change in Net Assets  
(Continued)**

	<b>2008</b>	<b>2007</b>	<b>Change</b>
<b>Support Services:</b>			
Pupils	\$1,463,689	\$1,678,538	\$214,849
Instructional Staff	980,158	991,975	11,817
Board of Education	94,557	92,180	(2,377)
Administration	1,308,318	1,241,839	(66,479)
Fiscal	454,418	436,729	(17,689)
Business	255,197	257,365	2,168
Operation and Maintenance of Plant	1,570,644	1,504,528	(66,116)
Pupil Transportation	674,078	623,246	(50,832)
Central	7,463	18,649	11,186
Non-instructional Services	800,770	773,467	(27,303)
Extracurricular Activities	584,449	599,160	14,711
Capital Outlay	1,885,129	250,967	(1,634,162)
<b>Debt Service:</b>			
Principal Retirement	25,905,374	845,377	(25,059,997)
Interest and Fiscal Charges	682,790	54,015	(628,775)
Issuance Costs	517,140		(517,140)
Total Disbursements	<u>50,508,571</u>	<u>21,861,178</u>	<u>(28,647,393)</u>
Increase in Net Assets	28,978,350	1,581,665	27,396,685
Net Assets at Beginning of Year	<u>8,382,607</u>	<u>6,800,942</u>	<u>1,581,665</u>
Net Assets at End of Year	<u>\$37,360,957</u>	<u>\$8,382,607</u>	<u>\$28,978,350</u>

The most significant receipts during fiscal year 2008 was from the issuance of the bond anticipation notes and general obligation bonds, in the amount of \$25,750,000 and \$25,749,998, respectively. Additional receipts, in the amount of \$532,725, resulted from premiums on the debt issued. These receipts totaled 65 percent of total receipts.

Program receipts only represent 6 percent of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition, fees, and extracurricular activities, and food service sales.

Other general receipts represent 29 percent of the School District's total receipts, and, of this amount, almost 61 percent is the result of unrestricted grants and entitlements, which primarily represents State foundation resources and the Ohio School Facilities Commission Grant. Property and income taxes basically make up the balance of the School District's general receipts. Other receipts, such as interest and miscellaneous receipts are very insignificant and somewhat unpredictable receipt sources.

A significant portion of total disbursements consisted of the repayment of the bond anticipation notes, in the amount of \$25,750,000.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

The instruction program disbursements accounted for 26 percent of all disbursements. Special instruction disbursements increased from the amount of excess costs paid to the Auglaize County Educational Service Center. Other programs which support the instruction process including pupils, instructional staff and pupil transportation account for approximately 6 percent of governmental disbursements. Maintenance of the School District's facilities represents an additional 3 percent of program costs.

Capital outlay increased significantly from the engineering costs associated with the Ohio School Facilities Commission project.

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

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Instruction:</b>				
Regular	\$ 9,538,570	\$ 9,202,237	\$ 8,994,391	\$ 8,762,272
Special	2,274,439	1,804,963	249,444	23,030
Vocational	1,455,723	1,431,779	865,396	863,022
Adult/Continuing	55,665	54,164	(52,028)	(43,587)
<b>Support Services:</b>				
Pupils	1,463,689	1,678,538	1,455,339	1,670,443
Instructional Staff	980,158	991,975	980,158	991,975
Board of Education	94,557	92,180	94,557	92,180
Administration	1,308,318	1,241,839	1,308,318	1,241,839
Fiscal	454,418	436,729	454,418	436,729
Business	255,197	257,365	173,032	164,463
Operation and Maintenance of Plant	1,570,644	1,504,528	1,527,065	1,504,528
Pupil Transportation	674,078	623,246	621,940	557,763
Central	7,463	18,649	7,463	18,649
Non-instructional Services	800,770	773,467	(14,599)	46,903
Extracurricular Activities	584,449	599,160	427,487	417,778
Capital Outlay	1,885,129	250,967	1,885,129	250,967
<b>Debt Service:</b>				
Principal Retirement	25,905,374	845,377	25,905,374	845,377
Interest and Fiscal Charges	682,790	54,015	628,790	54,015
Issuance Costs	517,140		517,140	
<b>Total Disbursements</b>	<b>\$50,508,571</b>	<b>\$21,861,178</b>	<b>\$46,082,814</b>	<b>\$17,898,346</b>

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

The most significant activity during fiscal year 2008 was associated with the repayment of the bond anticipation notes with related interest expense and fiscal charges, in the amount of 26,161,407. The total cost of debt service was financed through the issuance of the school improvement general obligation bonds. The balance of disbursements was \$24,347,164 in total cost of services and \$19,921,407 in net cost of services. These balances indicate that only 18 percent of the cost of services is financed through user charges and grants awarded for specific programs. The remaining 82 percent of total cost of services is financed through property taxes, income taxes, and unrestricted grants and entitlements.

The most significant program receipts are associated with non-instructional services (primarily food service and costs related to the parochial school). In addition to charges for services, food service also receives federal and state resources to provide meals to students. Costs for the parochial school are provided for through grants.

**The School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. The General Fund reported a positive change in fund balance in fiscal year 2008. Total receipts decreased by 2 percent from fiscal year 2007. Property tax receipts decreased from the phase-out of the collection of tangible personal property taxes; however, the School District received a full year of tangible personal property reimbursement, additional Foundation receipts, and additional open enrollment receipts. Disbursements increased by 4 percent primarily from negotiated increases in salaries and inflation. Although there was a decrease in receipts and increase in disbursements, fund balance increased because receipts continued to exceed disbursements.

The School District began to receive property tax collections from the Auglaize County Auditor for the debt issued for the Ohio School Facilities Commission project in fiscal year 2008 in the Bond Retirement debt service fund. This led to the increase in fund balance.

The Building Fund received debt proceeds, in the amount of \$6,900,870, to pay for the locally funded initiatives portion of the construction project of which the majority was not spent during fiscal year 2008. The locally funded initiatives include a six hundred seat auditorium, terrazzo floor upgrades to the buildings, a competition-sized gymnasium, additional square footage at the Grades 6 - 12 building, and to retain a portion of the old junior high building, the remainder of which is scheduled to be demolished.

The School District received \$3,250,000 in grants from the Ohio School Facilities Commission and issued \$18,849,130 in general obligation bonds to fund the School District's portion of the project. The majority of these receipts were not spent during fiscal year 2008 and are reflected in the increase in fund balance in the Ohio School Facilities Commission Fund.

**Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2008, the School District amended its General Fund budget as needed. The School District amended the original budgeted operating receipts for changes relating to property taxes, intergovernmental, interest, and tuition and fees receipts. The changes from final budgeted receipts to actual receipts was not significant.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

The School District amended its final appropriations by 6 percent. Appropriations for special instruction disbursements increased significantly due to the amount of excess costs paid to the Auglaize County Educational Service Center. Capital outlay appropriations increased for disbursements associated with the Ohio School Facilities Commission building project. The change from final budgeted expenditures to actual expenditures was not significant.

**Debt Administration**

At June 30, 2008, the School District's outstanding debt included general obligation bonds for construction of additions to the library, the construction of new school facilities, and for asbestos removal loans, in the amount of \$26,134,998 and \$213,018, respectively. For further information regarding the School District's debt, refer to Note 13 to the basic financial statements.

**Current Issues**

The Board of Education has continued to spend a significant amount of time relating to the design of the new Grades 6 - 12 building. While this process continues, the Board reviewed the bids on the early site bid package and the bid package for the geothermal well field. The Board approved a contract with R. D. Jones Excavating for early site work, in the amount of \$397,400. Four bids were received for the geothermal wall field project and the award of this contract is pending.

The design development phase for both East and West elementary school buildings has been approved by the Board of Education and the bid documents are being prepared.

The City of St. Marys has agreed to provide electric, water, and wastewater services to the new Grades 6 - 12 building and upgrade a portion of Shipman Road that runs on the north side of the property. The School District will participate in the upgrade of the road for a cost of approximately \$175,000.

The City has also approved to loan the School District for up to \$1,900,000 for the construction of the geothermal well field. The loan will not begin until the bids have been opened and approved by the School District.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Thomas Sommer, Treasurer, St. Marys City School District, 101 West South Street, St. Marys, Ohio 45885.

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**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2008**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$37,360,957</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Debt Service	334,855
Capital Projects	29,225,669
Food Service	195,962
Other Purposes	223,901
Unrestricted	<u>7,380,570</u>
Total Net Assets	<u><u>\$37,360,957</u></u>

*See accompanying notes to the basic financial statements.*

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Program Cash Receipts</u>			<b>Net (Disbursement) Receipt and Change in Net Assets</b>
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	
<b>Governmental Activities</b>				<b>Governmental Activities</b>
<b>Instruction:</b>				
Regular	\$9,538,570	\$377,273	\$166,906	(\$8,994,391)
Special	2,274,439		2,024,995	(249,444)
Vocational	1,455,723	368,939	219,888	(\$1,500)
Adult/Continuing	55,665		107,693	52,028
<b>Support Services:</b>				
Pupils	1,463,689		8,350	(1,455,339)
Instructional Staff	980,158			(980,158)
Board of Education	94,557			(94,557)
Administration	1,308,318			(1,308,318)
Fiscal	454,418			(454,418)
Business	255,197	82,165		(173,032)
Operation and Maintenance of Plant	1,570,644		43,579	(1,527,065)
Pupil Transportation	674,078		47,279	(621,940)
Central	7,463			(7,463)
Noninstructional Services	800,770	440,499	374,870	14,599
Extracurricular Activities	584,449	156,962		(427,487)
Capital Outlay	1,885,129			(1,885,129)
<b>Debt Service:</b>				
Principal Retirement	25,905,374			(25,905,374)
Interest and Fiscal Charges	682,790			(682,790)
Issuance Costs	517,140			(517,140)
<b>Total Governmental Activities</b>	<b><u>\$50,508,571</u></b>	<b><u>\$1,425,838</u></b>	<b><u>\$2,993,560</u></b>	<b><u>\$6,359</u></b>
<b>General Receipts</b>				
<b>Property Taxes Levied for:</b>				
				6,757,188
				859,863
				393,705
				19,119
				14,031,327
				832,846
				25,750,000
				25,749,998
				78,207
				454,518
				134,393
				<u>75,061,164</u>
				28,978,350
				<u>8,382,607</u>
				<u>\$37,360,957</u>

See accompanying notes to the basic financial statements.



**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Ohio School Facilities Commission</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$7,380,570	\$334,855	\$7,166,715	\$21,458,311	\$1,020,506	\$37,360,957
<b>Fund Balances</b>						
Reserved for Encumbrances	180,715			2,887,584	104,538	3,172,837
Unreserved, Reported in						
General Fund	7,199,855					7,199,855
Special Revenue Funds					398,737	398,737
Debt Service Fund		334,855				334,855
Capital Projects Fund			7,166,715	18,570,727	517,231	26,254,673
Total Fund Balances	<u>\$7,380,570</u>	<u>\$334,855</u>	<u>\$7,166,715</u>	<u>\$21,458,311</u>	<u>\$1,020,506</u>	<u>\$37,360,957</u>

See accompanying notes to the basic financial statements.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>General</b>	<b>Bond Retirement</b>	<b>Building</b>	<b>Ohio School Facilities Commission</b>	<b>Other Governmental</b>	<b>Total</b>
<b>Receipts</b>						
Property Taxes	\$6,757,188	\$859,863			\$393,705	\$8,010,756
Payment in Lieu of Taxes	19,119					19,119
Intergovernmental	11,698,363	131,696		\$3,250,000	\$1,879,700	16,959,759
Interest	526,170	5,203	\$137,381	118,156	55,894	842,804
Tuition and Fees	746,212					746,212
Charges for Services					440,499	440,499
Extracurricular Activities					156,962	156,962
Gifts and Donations	50,610				10,919	61,529
Miscellaneous	141,244				75,314	216,558
<b>Total Receipts</b>	<b>19,938,906</b>	<b>996,762</b>	<b>137,381</b>	<b>3,368,156</b>	<b>3,012,993</b>	<b>27,454,198</b>
<b>Disbursements</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	9,320,044				218,526	9,538,570
Special	1,509,448				764,991	2,274,439
Vocational	1,455,288				435	1,455,723
Adult/Continuing					55,665	55,665
<b>Support Services:</b>						
Pupils	1,326,860				136,829	1,463,689
Instructional Staff	911,135				69,023	980,158
Board of Education	94,557					94,557
Administration	1,303,783				4,535	1,308,318
Fiscal	424,766	20,049			9,603	454,418
Business	255,197					255,197
Operation and Maintenance of Plant	1,531,698				38,946	1,570,644
Pupil Transportation	674,078					674,078
Central	7,463					7,463
Noninstructional Services					800,770	800,770
Extracurricular Activities	410,624				173,825	584,449
Capital Outlay	50			758,975	1,126,104	1,885,129
<b>Debt Service:</b>						
Principal Retirement		25,905,374				25,905,374
Interest and Fiscal Charges		682,790				682,790
Issuance Costs		517,140				517,140
<b>Total Disbursements</b>	<b>19,224,991</b>	<b>27,125,353</b>	<b>137,381</b>	<b>758,975</b>	<b>3,399,252</b>	<b>50,508,571</b>
Excess of Receipts Over (Under) Disbursements	713,915	(26,128,591)	137,381	2,609,181	(386,259)	(23,054,373)
<b>Other Financing Sources (Uses)</b>						
Notes Issued			6,900,870	18,849,130		25,750,000
Bonds Issued		25,749,998				25,749,998
Premium on Notes Issued		77,970	237			78,207
Premium on Bonds Issued		454,518				454,518
Advances In	8,000					8,000
Advances Out					(8,000)	(8,000)
Transfers In		45,377	128,227		109,447	283,051
Transfers Out	(173,604)	(109,447)				(283,051)
<b>Total Other Financing Sources (Uses)</b>	<b>(165,604)</b>	<b>26,218,416</b>	<b>7,029,334</b>	<b>18,849,130</b>	<b>101,447</b>	<b>52,032,723</b>
Changes in Fund Balances	548,311	89,825	7,166,715	21,458,311	(284,812)	28,978,350
Fund Balances at Beginning of Year	6,832,259	245,030			1,305,318	8,382,607
<b>Fund Balances at End of Year</b>	<b>\$7,380,570</b>	<b>\$334,855</b>	<b>\$7,166,715</b>	<b>\$21,458,311</b>	<b>\$1,020,506</b>	<b>\$37,360,957</b>

See accompanying notes to the basic financial statements.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Property Taxes	\$7,935,479	\$6,940,530	\$6,757,188	(\$183,342)
Payment in Lieu of Taxes	15,000	15,000	19,119	4,119
Intergovernmental	9,686,000	11,544,734	11,698,363	153,629
Interest	54,000	465,285	530,719	65,434
Tuition and Fees	487,000	705,000	746,212	41,212
Gifts and Donations	15,000	55,815	50,610	(5,205)
Miscellaneous	144,100	165,085	141,244	(23,841)
<b>Total Receipts</b>	<b>18,336,579</b>	<b>19,891,449</b>	<b>19,943,455</b>	<b>52,006</b>
<b>Disbursements</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	9,151,514	9,331,382	9,304,347	27,035
Special	1,046,737	1,570,150	1,556,323	13,827
Vocational	1,587,407	1,475,302	1,465,880	9,422
Other	60,050	43,850	32,465	11,385
<b>Support Services:</b>				
Pupils	1,576,438	1,374,279	1,341,729	32,550
Instructional Staff	948,889	991,676	913,479	78,197
Board of Education	103,208	173,431	101,177	72,254
Administration	1,303,301	1,407,263	1,320,825	86,438
Fiscal	428,048	461,567	426,191	35,376
Business	276,076	279,369	255,943	23,426
Operation and Maintenance of Plant	1,409,588	1,593,642	1,576,598	17,044
Pupil Transportation	640,222	694,181	689,452	4,729
Central	12,374	12,912	9,173	3,739
Extracurricular Activities	449,156	485,507	412,074	73,433
Capital Outlay		329,500	50	329,450
<b>Total Disbursements</b>	<b>18,993,008</b>	<b>20,224,011</b>	<b>19,405,706</b>	<b>818,305</b>
Excess of Receipts Over Disbursements	(656,429)	(332,562)	537,749	870,311
<b>Other Financing Sources (Uses)</b>				
Advances In		10,000	8,000	(2,000)
Advances Out	(5,000)	(5,000)		5,000
Transfers Out	(45,377)	(175,377)	(173,604)	1,773
<b>Total Other Financing Sources (Uses)</b>	<b>(50,377)</b>	<b>(170,377)</b>	<b>(165,604)</b>	<b>4,773</b>
Changes in Fund Balance	(706,806)	(502,939)	372,145	875,084
Fund Balance at Beginning of Year	6,696,813	6,696,813	6,696,813	
Prior Year Encumbrances Appropriated	135,446	135,446	135,446	
<b>Fund Balance at End of Year</b>	<b>\$6,125,453</b>	<b>\$6,329,320</b>	<b>\$7,204,404</b>	<b>\$875,084</b>

See accompanying notes to the basic financial statements.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$148,917	\$74,407
Cash and Cash Equivalents in Segregated Accounts		6,219
Total Assets	<u>148,917</u>	<u>80,626</u>
<b>Net Assets:</b>		
Endowments	129,580	
Held in Trust for Scholarships	19,337	
Held for Student Activities		68,979
Undistributed Assets		11,647
Total Net Assets	<u>\$148,917</u>	<u>\$80,626</u>

*See accompanying notes to the basic financial statements.*

ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY

STATEMENT OF CHANGES IN CASH BASIS FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$7,169
Miscellaneous	1,796
Total Receipts	<u>8,965</u>
<b>Deductions:</b>	
Non-instructional Services	<u>6,000</u>
Change in Net Assets	2,965
Net Assets at Beginning of Year	<u>145,952</u>
Net Assets at End of Year	<u><u>\$148,917</u></u>

*See accompanying notes to the basic financial statements.*

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**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

St. Marys City School District (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 and federal guidelines.

The School District was established in 1862 through the consolidation of existing land areas and school districts. The School District serves an area of approximately eighty-one square miles. It is located in Auglaize County, and includes all of the City of St. Marys and portions of Loan, Moulton, Noble, Salem, St. Marys, and Washington Townships. The School District is the 211th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by seventy-six classified employees, one hundred sixty-nine certified teaching personnel, and eighteen administrative employees who provide services to 2,329 students and other community members. The School District currently operates four school buildings and a service building.

**A. Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For St. Marys City School District, this includes general operations, food service, 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. There are no component units of the St. Marys City School District.

The following activities are included within the reporting entity:

**Parochial School** - Within the School District boundaries, the Holy Rosary Elementary School is operated through the Cincinnati Catholic Diocese. Current State legislation provides funding to the parochial school. The money is received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District for financial reporting purposes.

The School district participates in four jointly governed organizations and two insurance pools, and is associated with a related organization. These organizations are the Educational Regional Service System Region 6, Northwest Ohio Area Computer Services Cooperative, Auglaize County Educational Academy, Auglaize Special Needs School, Southwestern Ohio Educational Purchasing Council Insurance Program, Mercer Auglaize School Employee Benefit Trust, and the St. Marys Community Public Library. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on a cash basis of accounting. This 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, 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 School District's accounting policies.

**A. Basis of Presentation**

The School 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.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental receipts) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

**2. Fund Financial Statements**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.



**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**B. Fund Accounting**

The School 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 School District are divided into two categories, governmental and fiduciary.

**1. Governmental Funds**

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are the General Fund, Bond Retirement Debt Service Fund, Building Capital Projects Fund, and Ohio School Facilities Commission Capital Projects 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Bond Retirement Fund** - The Bond Retirement Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the library construction and school improvement general obligation bonds and the asbestos removal loan.

**Building Fund** - The Building capital projects fund accounts for bond proceeds used to acquire, construct, or improve capital facilities based on locally funded initiatives.

**Ohio School Facilities Fund** - The Ohio School Facilities capital projects fund is used to account for the construction and renovation of the School District's buildings. The project is being funded with local taxes and a grant from the Ohio School Facilities Commission.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**2. Fiduciary Funds**

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 School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust funds account for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for staff generated revenues for non-instructional activities and various student-managed activities.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**C. Basis of Accounting**

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the 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 certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the schedule of tax funds, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The schedule of tax funds indicates the projected receipts and disbursements for those funds receiving tax monies. 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 control has been established by the Board at the function level for the General Fund and the fund level for all other funds. Budgetary allocations at the object level within the General Fund and the function and object level for all other funds are made by the 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 appropriations 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 appropriations 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.

**E. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

During fiscal year 2008, the School District's investments included nonnegotiable certificates of deposit, mutual funds, 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, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 was \$526,170, which included \$11,015 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

**F. Capital Assets**

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

**G. Interfund Balances**

On the fund financial statements, interfund loans are classified as "Advances In/Out". Interfund balances within governmental activities are eliminated on the statement of net assets.

**H. 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 School District.

**I. Long-Term Obligations**

Cash basis financial statements do not report liabilities for other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School 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 adult education programs, music and athletic programs, vocational programs, and federal and state grants restricted to expenditure for specified purposes. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At June 30, 2008, there were no net assets restricted by enabling legislation.

**K. Fund Balance Reserves**

The School District reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**L. Interfund Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

**3. COMPLIANCE**

Ohio Administrative Code, Section 117-2-03(B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School 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 School District can be fined and various other administrative remedies may be taken against the School District.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**4. DEPOSITS AND INVESTMENTS**

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 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 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 passbook accounts.

Interim monies held by the School District may 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;
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;
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);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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.

**A. Investments**

As of June 30, 2008, the School District had the following investments.

	<u>Carrying Value</u>	<u>Maturity</u>
SEI Mutual Funds	\$ 53,246	47 Days
Fifth Third Mutual Funds	1,583	45 Days
STAR Ohio	15,937,247	53.8 Days
Total Investments	<u>\$15,992,076</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the School District from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the School District.

The mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must consist of obligations listed in items 1 and 2 on page 27 and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**5. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, 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.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**5. PROPERTY TAXES (continued)**

Public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Auglaize 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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2008 taxes were collected are:

	<b>2007 Second- Half Collections</b>		<b>2008 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Real Estate	\$218,189,250	87.57%	\$221,725,780	93.69%
Public Utility	8,554,350	3.43	4,577,090	1.93
Tangible Personal	22,414,106	9.00	10,359,692	4.38
Total Assessed Value	<u>\$249,157,706</u>	<u>100.00%</u>	<u>\$236,662,562</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$51.15		\$58.45	

The voters approved a 6.9 mill property tax levy in November 2007 for the repayment of general obligation bonds.

**6. PAYMENT IN LIEU OF TAXES**

According to State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The payment is received annually either as an agreed upon flat amount per year or the amount of estimated taxes that would have been due in that fiscal year. Most of the agreements are for a ten year period. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**7. 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 2008, the School District contracted with the Southwestern Ohio Educational Purchasing Council Insurance Program for the following insurance coverage.

Coverage provided by Selective Insurance Company of South Carolina is as follows:

General Liability	
Per Occurrence	\$1,000,000
Aggregate	3,000,000
Automobile Liability	1,000,000
Building	59,438,962
Contents	7,707,954

Coverage provided by American Alternative Insurance Corporation is as follows:

Excess Liability	5,000,000
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Coverage provided by Federal Insurance Company is as follows:

Boiler and Machinery	50,000,000
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Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participates in the Southwestern Ohio Educational Purchasing Council Insurance Program (SOEPC), a public entity shared risk pool consisting of thirty-two school districts. The School District pays an annual premium to SOEPC for property and liability insurance coverage. The Executive Committee of SOEPC is responsible for its management and operation. The annual premium provides funding for the Aggregate Loss Fund, excess coverage, claims administration, and membership to SOEPC. The School District's risk within SOEPC is limited to any deductibles and the portion of the premium paid and held within the Aggregate Loss Fund. All annual claims above the amount held within the Aggregate Loss Fund will be paid by the excess liability policy.

The School District participates in the Mercer Auglaize School Employee Benefit Trust (Trust), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administration costs.



**ST. MARYS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**8. CONTRACTUAL OBLIGATIONS**

As of June 30, 2008, the School District had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Fanning and Howey Associates, Inc.	Architect and Engineering	\$2,653,258
Stan and Associates, Inc.	Construction Manager	119,564
Choice One Engineering	Land Surveys	42,484
Cardinal Bus Sales	Bus	76,777

**9. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

**Plan Description** - The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**ST. MARYS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS (Continued)**

**Funding Policy** - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 was \$1,324,733, \$1,277,239, and \$1,213,644 respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions for the DCP and CP for the fiscal year ended June 30, 2008, were \$4,192 made by the School District and \$18,609 made by plan members.

**B. School Employees Retirement System**

**Plan Description** - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salary and the School District was 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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 was \$195,579, \$202,900, and \$192,037, respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2008, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

**Plan Description** - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$102,225, \$98,363, and \$93,636 respectively; 82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. School Employees Retirement System**

**Plan Description** - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan, and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2008, this amount was \$154,683.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2008, 2007, and 2006 was \$89,249, \$67,363, and \$67,017 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**ST. MARYS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2008, this actuarially required allocation was .66 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 was \$14,092, \$13,797, and \$15,285 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**11. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. All two hundred sixty day administrative personnel earn twenty days of vacation per contract period. Accumulated unused vacation time is paid to classified employees and two hundred sixty day administrative personnel upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred days for all employees. Upon retirement, payment is made for 26.5 percent of their accrued, but unused sick leave credit to a maximum of fifty-three days for all employees.

**B. Health Care Benefits**

The School District offers medical and dental insurance to most employees through the Mercer Auglaize School Employee Benefit Trust. Vision insurance is provided through Vision Service Plan, Inc. In addition, the School District offers life insurance through Fort Dearborn Life Insurance Company.

**C. Retirement Incentive**

Through the fiscal year 2008 employee contract year, the School District has provided for a retirement incentive to eligible certified and classified employees. Employees with ten or more years of service with the School District who retire after May 31 in the year of initial eligibility will be paid an additional forty-five days of severance.

Through June 30, 2008, bus drivers with ten or more years of service with the School District who retire after May 31 in the year of initial eligibility will be paid an additional \$1,250 severance payment.

**12. NOTES PAYABLE**

On December 27, 2007, the School District issued \$14,900,000 in bond anticipation notes for the School District's portion of the OSFC building project. The notes were issued with an interest rate of 3.75 percent and matured on June 10, 2008.

On January 15, 2008, the School District issued \$10,850,000 in bond anticipation notes for the School District's portion of the OSFC building project. The notes were issued with an interest rate of 3.625 percent and matured on June 10, 2008.

**ST. MARYS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**13. LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	<u>Balance At 6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance At 6/30/08</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligations Bonds					
2000 Library Construction 6.7%	\$495,000		\$110,000	\$385,000	\$120,000
2008 School Improvement Bonds					
Serial Bonds 3.25-5%		\$15,260,000		15,260,000	325,000
Term Bonds 5%		10,265,000		10,265,000	
Capital Appreciation Bonds 16.227%		224,998		224,998	
Total 2008 School Improvement Bonds		<u>25,749,998</u>		<u>25,749,998</u>	<u>445,000</u>
Total General Obligation Bonds	<u>495,000</u>	<u>25,749,998</u>	<u>110,000</u>	<u>26,134,998</u>	<u>445,000</u>
Asbestos Removal Loan 0%	258,392		45,374	213,018	45,377
Total Governmental Activities Long-Term Obligations	<u>\$753,392</u>	<u>\$25,749,998</u>	<u>\$155,374</u>	<u>\$26,348,016</u>	<u>\$490,377</u>

**Library Construction General Obligation Bonds** - On June 1, 2000, the School District issued \$999,900 in voted general obligation bonds for the construction of an addition to the existing community library. The bonds were issued for an eleven year period, with final maturity on December 1, 2010. The bonds are being retired from the Bond Retirement debt service fund, with the proceeds of a .6 mill voted property tax levy.

**2008 School Improvement General Obligation Bonds** - On March 19, 2008, the School District issued \$25,749,998 in voted general obligation bonds to renovate, improve, expand, furnish, and equip the current school facilities and construct new school facilities. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$15,260,000, \$10,265,000, and \$224,998, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2036. The bonds are being retired from the Bond Retirement debt service fund, with the proceeds of a 6.9 mill voted property tax levy.

The term bonds maturing on December 1, 2035, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, in each of the year 2029 through 2034 (with the balance of \$1,690,000 to be paid at stated maturity on December 1, 2035), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2029	\$1,260,000
2030	1,325,000
2031	1,390,000
2032	1,460,000
2033	1,530,000
2034	1,610,000

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

The serial bonds maturing on or after December 1, 2018, are subject to redemption at the option of the School District, either in whole, or in part, in such order as the School District shall determine, on any date on or after June 1, 2018, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds will mature in fiscal year 2015. The maturity amount of the bonds is \$640,000. For fiscal year 2008, \$10,275 was accreted for a total bond value of \$235,273.

**Asbestos Removal Loan** - On October 21, 1994, the School District obtained a loan, in the amount of \$816,777, for providing asbestos removal under the authority of Section 3317.22 of the Ohio Revised Code. The loan was issued for a twenty-three year period, with final maturity during fiscal year 2013. The loan is being retired from the Bond Retirement debt service fund, with transfers from the General Fund.

The School District's overall debt margin was (\$6,510,475) with an unvoted debt margin of \$221,771 at June 30, 2008. On August 14, 2007, the Tax Equalization Department approved the School District as a Special Needs District that allows them to have a negative debt margin.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2008, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
2009	\$445,000	\$712,744		\$513,250
2010	495,000	693,242		513,250
2011	540,000	671,353		513,250
2012	430,000	652,137		513,250
2013	560,000	634,813		513,250
2014-2018	2,660,000	2,881,962		2,566,250
2019-2023	4,115,000	2,090,525		2,566,250
2024-2028	5,200,000	973,056		2,566,250
2029-2033	1,200,000	30,000	\$5,435,000	2,039,375
2034-2036			4,830,000	370,250
Totals	<u>\$15,645,000</u>	<u>\$9,339,832</u>	<u>\$10,265,000</u>	<u>\$12,674,625</u>

Fiscal Year Ending	General Obligation Bonds Capital Appreciation		Asbestos Removal Loan
	Principal	Interest	Principal
	2008		
2009			45,377
2010			45,377
2011			45,377
2012			31,510
2013-2017	\$224,998	\$415,002	
Totals	<u>\$224,998</u>	<u>\$415,002</u>	<u>\$213,018</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

**ST. MARYS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**14. SET ASIDES**

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 the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2008.

	<b>Textbooks</b>	<b>Capital Improvements</b>
Balance June 30, 2007	(\$40,370)	
Current Year Set Aside Requirement	366,960	\$ 366,960
Qualifying Expenditures	(354,503)	
Current Year Offsets		(25,749,998)
Balance June 30, 2008	(\$27,913)	(\$25,383,038)

The School District had qualifying expenditures during the fiscal year that reduced the textbook set-aside amount below zero. This amount may be used to reduce the set aside requirement of future fiscal years.

**15. INTERFUND TRANSFERS**

During fiscal year 2008, the General Fund made transfers to the Bond Retirement debt service fund, in the amount of \$45,377, to pay principal on the asbestos removal loan, and to the Building capital projects fund, in the amount of \$128,227, for interest earned on bond proceeds. The Bond Retirement debt service fund transferred, by court order, the remaining cash balance of a fully-retired bond issue, in the amount of \$109,447, to other governmental funds.

**16. DONOR RESTRICTED ENDOWMENTS**

The School District's private purpose trust fund includes donor restricted endowments. Endowments, in the amount of \$129,580, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$19,337 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

**ST. MARYS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS**

**A. Educational Regional Service System Region 6**

The School District participates in the Educational Regional Service System (ERSS) Region 6, a jointly governed organization consisting of educational entities within Allen, Auglaize, Champaign, Hardin, Logan, Mercer, and Shelby counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Auglaize County Educational Service Center, 1045 Dearbaugh Avenue, Suite 2, Wapakoneta, Ohio 45895.

**B. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. 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 educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2008, the School District paid \$26,456 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

**C. Auglaize County Educational Academy**

The School District is a participant in the Auglaize County Educational Academy (ACEA), which is a community school. The ACEA is an association of the school districts within Auglaize County to provide general curricular education for kindergarten through twelfth grade students for gifted, regular, and special education instruction through the use of a virtual curriculum. The governing board of the ACEA consists of the superintendents from each of the participating school districts. Financial information can be obtained from the Auglaize County Educational Service Center, 1045 Dearbaugh Avenue, Suite 2, Wapakoneta, Ohio 45895.



**ST. MARYS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**D. Auglaize County Special Needs School**

The School District is a participant in the Auglaize County Special Needs School (ACSNS), which is a community school. The ACSNS is an association of the school districts within Auglaize County to provide a special education program for kindergarten through twelfth grade students with multiple handicapped, emotionally disturbed, or autistic needs. The governing board of the ACSNS consists of the superintendents from each of the participating school districts. Financial information can be obtained from the Auglaize County Educational Service Center, 1045 Dearbaugh Avenue, Suite 2, Wapakoneta, Ohio 45895.

**18. INSURANCE POOLS**

**A. Southwestern Ohio Educational Purchasing Council Insurance Program**

The School District participates in a public entity shared risk pool consisting of thirty-two school districts. The Southwestern Ohio Educational Purchasing Council Insurance Program (SOEPC) provides for property and liability insurance coverage.

SOEPC's business and affairs are conducted by an Executive Council of seven participating school administrators. Participation in SOEPC is by written application subject to acceptance by the Executive Council and the payment of the annual premium. The Administrator of SOEPC is Public Entity Marsh which coordinates the management, administration, claims management, and actuarial studies of SOEPC. Insurance premiums are paid to SOEPC. Financial information can be obtained from Public Entity Marsh, 525 Vine Street, Cincinnati, Ohio 45202.

**B. Mercer Auglaize School Employee Benefit Trust**

The School District participates in a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Mercer Auglaize School Employee Benefit Trust (Trust) is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Trust.

**19. RELATED ORGANIZATION**

The St. Marys Community Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the St. Marys City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the St. Marys Community Public Library, 140 South Chestnut Street, St. Marys, Ohio 45855.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**20. 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, 2008.

**B. Litigation**

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

**21. SUBSEQUENT EVENTS**

On October 8, 2008, the Board of Education awarded the Early Site Package Contract for the new 6-12 School Project to R.D. Jones Excavating, in the total amount of \$397,400.

On November 12, 2008, the Board approved an advance out of the General Fund in the amount of \$1,430,658 as part of the Ohio School Facility Commission (OSFC) project. Additionally, the Board awarded a Geothermal Well Field contract in the amount of \$1,300,000.

On January 14, 2009 the Board approved various contracts for the OSFC project totaling \$5,953,137.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
(Passed through Ohio Department of Education)						
Food Distribution Program	2008	10.550		\$102,538		\$102,538
Nutrition Cluster:						
School Breakfast Program	2007	10.553	\$2,758		\$2,758	
	2008		23,051		23,051	
Total			<u>25,809</u>		<u>25,809</u>	
National School Lunch Program	2007	10.555	22,418		22,418	
	2008		226,162		226,162	
Total			<u>248,580</u>		<u>248,580</u>	
Total Nutrition Cluster			<u>274,389</u>		<u>274,389</u>	
Total U.S. Department of Agriculture			274,389	102,538	274,389	102,538
<b>U.S. DEPARTMENT OF EDUCATION</b>						
(Passed through Ohio Department of Education)						
Adult Education State Grant Program	2007	84.002	(9,678)			
	2008		53,978		53,978	
Total			<u>44,300</u>		<u>53,978</u>	
Title 1 Grants to Local Educational Agencies	2007	84.010	27,401		19,539	
	2008		272,039		239,351	
Total			<u>299,440</u>		<u>258,890</u>	
Education Technology State Grants	2007	84.318	(164)			
	2008		1,331		1,225	
Total			<u>1,167</u>		<u>1,225</u>	
Special Education Grants to States	2007	84.027	69,426		71,326	
	2008		594,908		551,888	
Total			<u>664,334</u>		<u>623,214</u>	
State Grants for Innovative Programs	2008	84.298	3,515		5,453	
Safe and Drug Free Schools and Communities Grants	2007	84.186	(479)			
	2008		8,631		8,631	
Total			<u>8,152</u>		<u>8,631</u>	
Improving Teacher Quality State Grants	2007	84.367	9,369		14,578	
	2008		87,073		77,688	
Total			<u>96,442</u>		<u>92,266</u>	
Total U.S. Department of Education			<u>1,117,350</u>		<u>1,043,657</u>	
Total Federal Assistance			<u>\$1,391,739</u>	<u>\$102,538</u>	<u>\$1,318,046</u>	<u>\$102,538</u>

See accompanying notes to the schedule of federal awards receipts and expenditures.

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE E - TRANSFER OF FUNDS BETWEEN SPECIAL COST CENTERS**

The following transfers between fund cost centers were approved by the Ohio Department of Education.

<b>Grant, CFDA #, Fund, and Cost Center</b>	<b>Transfer Out</b>	<b>Transfer In</b>
Adult State Grant Program #84.002		
501-9607	(\$9,678)	
501-9708		\$9,678
Special Education Grants to States #84.027		
516-9607	(1,452)	
516-9708		1,452
Grants to Local Educational Agencies #84.010		
572-9607	(6,272)	
572-9708		6,272
Drug Free Schools #84.186		
584-9607	(479)	
584-9708		479
Improving Teacher Quality #84.367		
590-9607	(4,959)	
590-9708		4,959
Education Technology Grants #84.318		
599-9607	(164)	
599-9708		164

**NOTE F - PASS THROUGH FUNDS**

**Idea Preschool Grant For The Handicapped – CFDA# 84.173** – During fiscal year 2008, the School District received Preschool grant funding administered on their behalf by the Auglaize County Educational Service Center. For fiscal year 2008, the District's allocation was \$30,699.



# 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*

St. Marys City School District  
Auglaize County  
101 West South Street  
St. Marys, Ohio 45885

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 St. Marys City School District, Auglaize County, (the School District), as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 2, 2009, wherein we noted the School 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 School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain internal control matters that we reported to the School District's management in a separate letter dated February 2, 2009.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the School 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 matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone 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

February 2, 2009



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

St. Marys City School District  
Auglaize County  
101 West South Street  
St. Marys, Ohio 45885

To the Board of Education:

#### Compliance

We have audited the compliance of the St. Marys City School District, Auglaize County, (the 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 apply to its major federal program for the fiscal year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2008.

#### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

**Internal Control Over Compliance  
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

February 2, 2009



**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.027: Special Education Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

**FINDING NUMBER - 2008-001**

**Noncompliance - Financial Reporting**

**Ohio Rev. Code Section 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 Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

**Ohio Adm. Code Section 117-2-03 (B)** requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

In order to present financial statements that present assets, liabilities and the disclosures required to accurately present the District's financial condition, the District should prepare its annual financial statements in accordance with generally accepted accounting principles.

**Official's Response**

The Board of Education of St. Marys City Schools has opted to prepare its' financial statements using the "look alike" OCBOA presentation. The driving force behind this option is financial. The preparation costs, as well as the auditing costs, are considerably less with this OCBOA presentation than with a GAAP presentation. In addition, the AICPA has interpreted that this type of "look alike" OCBOA presentation is acceptable.

**3. FINDINGS FOR FEDERAL AWARDS**

None

**ST. MARYS CITY SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2008**

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>
2007-001	Student Activity Fundraiser Accountability	No	Partially corrected, revised and moved to management letter.
2007-002	ORC Sec. 117.38 & OAC Sec. 117-2-03(B) – Failed to prepare financial statements in accordance with Generally Accepted Accounting Principles	No	Repeated as Finding Number 2008-001





Mary Taylor, CPA  
Auditor of State

ST. MARYS CITY SCHOOL DISTRICT

AUGLAIZE 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  
MARCH 5, 2009