



Mary Taylor, CPA
Auditor of State

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Maysville Local School District
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43701

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2009, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General and Classroom Facilities Maintenance Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2010, 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 accounting principles generally accepted in the United States of America 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 Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 24, 2010

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of the Maysville Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2009 are as follows:

- Net assets of governmental activities decreased \$1,349,511.
- General revenues accounted for \$15,051,048 in revenue or 71 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$6,203,816, 29 percent of total revenues of \$21,254,864.
- Total assets of governmental activities increased \$112,111. While capital assets reflected a large increase in the amount of \$2.2 million due to the completion of a new athletic complex which was offset by the current year depreciation, the current and other assets reflected a large decrease in the amount of \$2.1 million. Of that amount, cash decreased \$1.9 million due mainly to a large decrease in the permanent improvement capital project fund due to capital asset expenditures for the athletic facility.
- The School District had \$22,604,375 in expenses related to governmental activities; only \$6,203,816 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$15,051,048 were not adequate to provide for these programs.
- The School District has three major funds: the general fund, the classroom facilities maintenance special revenue fund, and the permanent improvement capital projects fund. The general fund had \$16,808,004 in revenues, \$17,306,034 in expenditures, and \$71,533 in other financing sources and uses. The general fund's balance decreased \$426,497. The classroom facilities maintenance special revenue fund had \$189,041 in revenues and \$342,305 in expenditures. The classroom facilities maintenance's balance decreased \$153,264. The permanent improvement capital projects fund had \$215,345 in revenues, \$3,407,895 in expenditures, and \$1,999,970 in other financing sources. The permanent improvement's balance decreased \$1,192,580.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can first understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

future spending. The fund financial statements also look as the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors 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's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the classroom facilities maintenance special revenue fund, and the permanent improvement capital projects fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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Fiduciary Funds Fiduciary funds focus on net assets and changes in net assets.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

Table 1 - Net Assets

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Assets			
Current and Other Assets	\$12,366,917	\$14,416,495	(\$2,049,578)
Capital Assets	34,927,087	32,765,398	2,161,689
Total Assets	<u>47,294,004</u>	<u>47,181,893</u>	<u>112,111</u>
Liabilities			
Long-Term Liabilities	6,316,318	4,724,526	1,591,792
Other Liabilities	7,008,879	7,139,049	(130,170)
Total Liabilities	<u>13,325,197</u>	<u>11,863,575</u>	<u>1,461,622</u>
Net Assets			
Invested in Capital Assets, Net of Debt	29,775,780	29,107,471	668,309
Restricted	1,643,872	1,883,128	(239,256)
Unrestricted	2,549,155	4,327,719	(1,778,564)
Total Net Assets	<u>\$33,968,807</u>	<u>\$35,318,318</u>	<u>(\$1,349,511)</u>

Total assets increased \$112,111. Current and other assets decreased \$2,049,578 which was due mainly to a decrease in cash and cash equivalents in the amount of \$1,875,129. A cash decrease in the amount of \$1,282,997 in the permanent improvement capital projects fund was due to the completion of a new athletic complex that includes a multi-purpose facility and a new track and athletic field with artificial turf. The general fund cash balances decreased \$244,689 and the self insurance cash balances decreased \$157,940. The decrease in the self insurance cash balances was due to an increase in medical claims during fiscal year 2009. Capital assets increased by \$2,161,689. There was an increase in capital assets of \$3,417,871 due mainly to the completion of a new athletic complex, which was offset by current year depreciation in the amount of \$1,233,054.

Total liabilities increased \$1,461,622. This increase is primarily due to an increase in long-term liabilities due to an inception of a capital lease in the amount of \$1,700,000 during fiscal year 2009 for the athletic complex. The School District's bonded debt was paid down \$172,699, including the amortization of the bond premium and deferred amount on refunding, and capital leases payable was paid down \$35,995.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009 and comparisons to fiscal year 2008.

Table 2 - Changes in Net Assets

Revenues	Governmental Activities		
	2009	2008	Change
Program Revenues			
Charges for Services	\$3,033,677	\$2,444,632	\$589,045
Operating Grants, Contributions and Interest	3,103,009	3,003,154	99,855
Capital Grants and Contributions	67,130	23,739	43,391
	<u>6,203,816</u>	<u>5,471,525</u>	<u>732,291</u>
General Revenue			
Property Taxes	3,616,730	2,501,041	1,115,689
Payment in Lieu of Taxes	0	26,232	(26,232)
Grants and Entitlements	11,169,683	10,784,137	385,546
Investment Earnings	246,698	432,737	(186,039)
Gain on Sale of Capital Assets	0	67,233	(67,233)
Miscellaneous	17,937	3,767	14,170
	<u>15,051,048</u>	<u>13,815,147</u>	<u>1,235,901</u>
Total Revenues	<u>21,254,864</u>	<u>19,286,672</u>	<u>1,968,192</u>
Program Expenses			
Instruction			
Regular	9,683,938	9,852,632	(168,694)
Special	2,317,089	1,855,811	461,278
Vocational	137,598	147,671	(10,073)
Intervention	373,009	219,780	153,229
Support Services			
Pupils	721,943	786,036	(64,093)
Instructional Staff	1,657,615	1,513,369	144,246
Board of Education	63,576	62,581	995
Administration	2,087,129	1,936,265	150,864
Fiscal	431,111	389,627	41,484
Operation and Maintenance of Plant	2,176,117	2,032,393	143,724
Pupil Transportation	963,811	1,016,757	(52,946)
Central	38,723	49,719	(10,996)
Operation of Non-Instructional Services			
Food Service Operations	1,043,300	936,666	106,634
Other	17,988	19,407	(1,419)
Extracurricular Activities	670,733	605,306	65,427
Interest and Fiscal Charges	220,695	200,821	19,874
Total Expenses	<u>22,604,375</u>	<u>21,624,841</u>	<u>979,534</u>
<i>Change in Net Assets</i>	<u>(1,349,511)</u>	<u>(2,338,169)</u>	<u>988,658</u>
Net Assets Beginning of Year	<u>35,318,318</u>	<u>37,656,487</u>	<u>(2,338,169)</u>
Net Assets End of Year	<u>\$33,968,807</u>	<u>\$35,318,318</u>	<u>(\$1,349,511)</u>

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. Only 29 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 71 percent is provided through taxes and entitlements.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

During 2008, the Muskingum County Auditor's Office converted their real estate taxes to a new software system. This conversion caused an increase in deferred revenue due to the Muskingum County second-half real estate taxes being due and collected in mid August rather than late June. Therefore, the amount available as an advance for real property taxes was considerably less for fiscal year 2008. All County operations were back to normal in fiscal year 2009.

During fiscal year 2009, total expenses increased \$979,534 and of that amount special instruction increased by \$461,278 which represents 47 percent of the increase. The increase in special instruction is due to the increase in special instruction program expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3 - Governmental Activities

	2009 Total Cost of Services	2009 Net Cost of Services	2008 Total Cost of Services	2008 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$9,683,938	\$7,498,519	\$9,852,632	\$7,540,871
Special	2,317,089	797,436	1,855,811	460,583
Vocational	137,598	104,219	147,671	109,170
Intervention	373,009	330,157	219,780	219,780
Support Services:				
Pupil	721,943	611,313	786,036	655,987
Instructional Staff	1,657,615	1,319,978	1,513,369	1,024,754
Board of Education	63,576	63,576	62,581	62,581
Administration	2,087,129	2,074,898	1,936,265	1,889,302
Fiscal	431,111	389,695	389,627	348,485
Operation and Maintenance of Plant	2,176,117	1,519,259	2,032,393	1,528,298
Pupil Transportation	963,811	872,479	1,016,757	973,140
Central	38,723	32,420	49,719	42,941
Operation of Non-Instructional Services				
Food Service Operations	1,043,300	115,020	936,666	113,509
Other	17,988	(6,602)	19,407	4,709
Extracurricular Activities	670,733	457,497	605,306	425,680
Interest and Fiscal Charges	220,695	220,695	200,821	200,821
Totals	<u>\$22,604,375</u>	<u>\$16,400,559</u>	<u>\$21,624,841</u>	<u>\$15,600,611</u>

Instructional programs comprise approximately 55 percent of total governmental program expenses and support services makes up approximately 36 percent of the program expenses of the School District.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The general fund had \$16,808,004 in revenues, \$17,306,034 in expenditures, and \$71,533 in other financing sources and uses. The general fund's balance decreased \$426,497. The classroom facilities maintenance special revenue fund had \$189,041 in revenues and \$342,305 in expenditures. The classroom facilities maintenance's balance decreased \$153,264. The permanent improvement capital projects fund had \$215,345 in revenues, \$3,407,895 in expenditures, and \$1,999,970 in other financing sources. The permanent improvement's balance decreased \$1,192,580.

General Fund Budgetary Highlights

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

During the course of fiscal 2009, the School District amended its general fund budget, but not significantly. The School District closely monitors its resources and uses and if necessary, modifies the budgetary documents on a timely basis.

Budget basis revenue was \$16,817,733 compared to final estimates of \$17,106,955. Of this \$289,222 difference, the majority was due to the School District's conservative estimate for open enrollment.

The School District's ending general fund budgetary balance was \$2,824,020.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$34,927,087 invested in land, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2009 balances compared to 2008.

Table 4 - Capital Assets at June 30, 2009
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$756,108	\$756,108
Construction in Progress	70,869	406,190
Land Improvements	3,180,515	1,015,278
Buildings and Improvements	29,556,563	29,147,254
Furniture and Equipment	1,146,872	1,228,783
Vehicles	216,160	211,785
Totals	<u>\$34,927,087</u>	<u>\$32,765,398</u>

See Note 9 for more detailed information of the School District's capital assets.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Debt

At June 30, 2009, the School District had \$5,178,267 in general obligation bonds and capital leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2009	Governmental Activities 2008
School Facilities Improvement		
General Obligation Bonds		
Serial Bonds - 2000 - 3.80% - 6.35%	\$1,125,000	\$1,295,000
School Improvement Refunding		
General Obligation Bonds		
Serial Bonds - 2007 - 4.0%	590,000	590,000
Term Bonds - 2007 - 5.25%	1,580,000	1,580,000
Bond Premium	142,134	153,068
Deferred Amount on Refunding	(107,049)	(115,284)
Capital Leases	1,848,182	184,177
Totals	\$5,178,267	\$3,686,961

See Note 15 for more detailed information of the School District's debt.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis W. Sidwell, Treasurer at Maysville Local School District, P.O. Box 1818, Zanesville, Ohio 43701. You may also E-mail the treasurer at lsidwell@laca.org.

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Maysville Local School District, Ohio

Statement of Net Assets

June 30, 2009

	Primary Government	Component Unit
	Governmental Activities	Foxfire High School
Assets		
Equity in Pooled Cash and Cash Equivalents	\$7,778,411	\$279,085
Cash and Cash Equivalents in Segregated Accounts	1,016	0
Accounts Receivable	69,946	0
Intergovernmental Receivable	220,346	1,750
Accrued Interest Receivable	49,745	0
Prepaid Items	4,780	0
Inventory Held for Resale	5,028	0
Materials and Supplies Inventory	3,893	0
Property Taxes Receivable	4,028,262	0
Payment in Lieu of Taxes Receivable	19,518	0
Due from Component Unit	159,012	0
Deferred Charges	26,960	0
Nondepreciable Capital Assets	826,977	0
Depreciable Capital Assets, Net	34,100,110	6,252
<i>Total Assets</i>	47,294,004	287,087
Liabilities		
Accounts Payable	54,127	6,097
Due to Primary Government	0	159,012
Accrued Wages and Benefits Payable	2,432,138	0
Contracts Payable	247,627	0
Retainage Payable	17,840	0
Accrued Interest Payable	22,647	0
Retirement Incentive Payable	10,000	0
Vacation Benefits Payable	97,464	0
Intergovernmental Payable	616,588	10
Deferred Revenue	3,094,448	0
Claims Payable	416,000	0
Long-Term Liabilities:		
Due Within One Year	512,140	0
Due In More Than One Year	5,804,178	0
<i>Total Liabilities</i>	13,325,197	165,119
Net Assets		
Invested in Capital Assets, Net of Related Debt	29,775,780	6,252
Restricted for:		
Debt Service	440,819	0
Budget Stabilization	43,753	0
Classroom Facilities Maintenance	1,134,868	0
Other Purposes	24,432	0
Unrestricted	2,549,155	115,716
<i>Total Net Assets</i>	\$33,968,807	\$121,968

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Activities
For the Fiscal Year ended June 30, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
Governmental Activities				
Instruction:				
Regular	\$9,683,938	\$1,828,806	\$356,613	\$0
Special	2,317,089	0	1,519,653	0
Vocational	137,598	0	33,379	0
Intervention	373,009	0	42,852	0
Support Services:				
Pupils	721,943	0	110,630	0
Instructional Staff	1,657,615	58,530	279,107	0
Board of Education	63,576	0	0	0
Administration	2,087,129	0	12,231	0
Fiscal	431,111	0	41,416	0
Operation and Maintenance of Plant	2,176,117	580,975	75,583	300
Pupil Transportation	963,811	1,645	22,857	66,830
Central	38,723	0	6,303	0
Operation of Non-Instructional Services:				
Food Service Operations	1,043,300	335,775	592,505	0
Other	17,988	14,710	9,880	0
Extracurricular Activities	670,733	213,236	0	0
Interest and Fiscal Charges	220,695	0	0	0
<i>Total Primary Government</i>	<u>\$22,604,375</u>	<u>\$3,033,677</u>	<u>\$3,103,009</u>	<u>\$67,130</u>
Component Unit				
Foxfire High School	\$1,858,715	\$31,402	\$214,783	\$0

General Revenues

Property Taxes Levied for:
 General Purposes
 Debt Service
 Classroom Facilities Maintenance
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Unit
(\$7,498,519)	\$0
(797,436)	0
(104,219)	0
(330,157)	0
(611,313)	0
(1,319,978)	0
(63,576)	0
(2,074,898)	0
(389,695)	0
(1,519,259)	0
(872,479)	0
(32,420)	0
(115,020)	0
6,602	0
(457,497)	0
(220,695)	0
(16,400,559)	0
0	(1,612,530)
3,220,439	0
333,338	0
62,953	0
11,169,683	1,668,559
246,698	1,932
17,937	8,767
15,051,048	1,679,258
(1,349,511)	66,728
35,318,318	55,240
<u>\$33,968,807</u>	<u>\$121,968</u>

Maysville Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2009

	General	Classroom Facilities Maintenance	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,887,492	\$1,113,960	\$2,062,554	\$680,809	\$6,744,815
Cash and Cash Equivalents in Segregated Accounts	0	0	0	1,016	1,016
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	43,753	0	0	0	43,753
Accounts Receivable	68,029	0	0	1,917	69,946
Interfund Receivable	11,705	0	0	0	11,705
Due from Component Unit	159,012	0	0	0	159,012
Intergovernmental Receivable	11,291	0	0	209,055	220,346
Accrued Interest Receivable	0	9,083	40,662	0	49,745
Prepaid Items	4,780	0	0	0	4,780
Inventory Held for Resale	0	0	0	5,028	5,028
Materials and Supplies Inventory	3,056	0	0	837	3,893
Property Taxes Receivable	3,579,556	71,751	0	376,955	4,028,262
Payment in Lieu of Taxes Receivable	17,496	363	0	1,659	19,518
Total Assets	<u>\$6,786,170</u>	<u>\$1,195,157</u>	<u>\$2,103,216</u>	<u>\$1,277,276</u>	<u>\$11,361,819</u>
Liabilities					
Accounts Payable	\$44,606	\$2,671	\$0	\$6,850	\$54,127
Accrued Wages and Benefits	2,017,990	0	0	231,958	2,249,948
Contracts Payable	0	1,938	245,689	0	247,627
Retainage Payable	0	0	17,840	0	17,840
Interfund Payable	0	0	0	11,705	11,705
Deferred Revenue	3,514,532	78,998	38,679	450,552	4,082,761
Intergovernmental Payable	556,946	0	0	59,642	616,588
Total Liabilities	<u>6,134,074</u>	<u>83,607</u>	<u>302,208</u>	<u>760,707</u>	<u>7,280,596</u>
Fund Balances					
Reserved for Encumbrances	94,645	6,251	21,300	553	122,749
Reserved for Budget Stabilization	43,753	0	0	0	43,753
Reserved for Property Taxes	106,826	2,199	0	11,743	120,768
Unreserved:					
Undesignated, Reported in:					
General Fund	406,872	0	0	0	406,872
Special Revenue Funds	0	1,103,100	0	123,617	1,226,717
Debt Service Fund	0	0	0	380,656	380,656
Capital Projects Funds	0	0	1,779,708	0	1,779,708
Total Fund Balances	<u>652,096</u>	<u>1,111,550</u>	<u>1,801,008</u>	<u>516,569</u>	<u>4,081,223</u>
Total Liabilities and Fund Balances	<u>\$6,786,170</u>	<u>\$1,195,157</u>	<u>\$2,103,216</u>	<u>\$1,277,276</u>	<u>\$11,361,819</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2009*

Total Governmental Fund Balances \$4,081,223

Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 34,927,087

Other long-term assets are not available to pay for current-period expenditures and, therefore, deferred in the funds:

Property Taxes Receivable	813,046	
Accrued Interest Receivable	47,762	
Payment in Lieu of Taxes Receivable	19,518	
Grants Receivable	83,681	
Student Fees	24,306	988,313

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 391,653

Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds. (22,647)

Vacation Benefits Payable and Retirement Incentive Payable are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.

Vacation Benefits Payable	(97,464)	
Retirement Incentive Payable	(10,000)	(107,464)

Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements which do not provide current financial resources and, therefore, are not reported in the funds. 26,960

Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:

General Obligation Bonds Payable	(1,125,000)	
Refunding General Obligation Bonds Payable	(2,170,000)	
Premium on Refunding Bonds	(142,134)	
Deferred Amount on Refunding	107,049	
Capital Leases Payable	(1,848,182)	
Sick Leave Benefits Payable	(1,138,051)	(6,316,318)

Net Assets of Governmental Activities \$33,968,807

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Classroom Facilities Maintenance	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,157,711	\$61,611	\$0	\$325,859	\$3,545,181
Payment in Lieu of Taxes	2,892	62	0	299	3,253
Intergovernmental	11,398,381	75,583	0	2,712,915	14,186,879
Interest	0	51,785	215,045	507	267,337
Tuition and Fees	1,653,780	0	0	256,019	1,909,799
Extracurricular Activities	0	0	0	213,236	213,236
Rent	12,655	0	0	0	12,655
Charges for Services	563,638	0	0	335,775	899,413
Contributions and Donations	1,010	0	300	17,005	18,315
Miscellaneous	17,937	0	0	0	17,937
Total Revenues	16,808,004	189,041	215,345	3,861,615	21,074,005
Expenditures					
Current:					
Instruction:					
Regular	8,063,367	0	66,260	935,608	9,065,235
Special	1,514,194	0	0	655,616	2,169,810
Vocational	117,337	0	0	0	117,337
Intervention	267,263	0	0	103,191	370,454
Support Services:					
Pupils	563,372	0	0	110,352	673,724
Instructional Staff	1,040,058	0	0	380,808	1,420,866
Board of Education	63,576	0	0	0	63,576
Administration	1,959,236	0	0	11,790	1,971,026
Fiscal	402,323	0	0	8,225	410,548
Operation and Maintenance of Plant	1,956,267	342,305	72,450	9,448	2,380,470
Pupil Transportation	951,823	0	0	26,693	978,516
Central	20,858	0	0	6,222	27,080
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	921,744	921,744
Other Non-Instructional Services	0	0	0	17,988	17,988
Extracurricular Activities	334,409	0	0	214,321	548,730
Capital Outlay	5,895	0	3,245,824	0	3,251,719
Debt Service:					
Principal Retirement	35,995	0	0	170,000	205,995
Interest and Fiscal Charges	10,061	0	23,361	179,833	213,255
Total Expenditures	17,306,034	342,305	3,407,895	3,751,839	24,808,073
Excess of Revenues Over (Under) Expenditures:	(498,030)	(153,264)	(3,192,550)	109,776	(3,734,068)
Other Financing Sources					
Proceeds from Sale of Capital Assets	2,150	0	0	0	2,150
Insurance Recoveries	69,383	0	299,970	0	369,353
Inception of a Capital Lease	0	0	1,700,000	0	1,700,000
Total Other Financing Sources	71,533	0	1,999,970	0	2,071,503
Net Change in Fund Balances	(426,497)	(153,264)	(1,192,580)	109,776	(1,662,565)
Fund Balances Beginning of Year	1,078,593	1,264,814	2,993,588	406,793	5,743,788
Fund Balances End of Year	<u>\$652,096</u>	<u>\$1,111,550</u>	<u>\$1,801,008</u>	<u>\$516,569</u>	<u>\$4,081,223</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds (\$1,662,565)

*Amounts reported for governmental activities in the statement of activities
are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimate useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period

Capital Asset Additions	3,417,871	
Depreciation Expense	(1,233,054)	2,184,817

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the gain on the sale of capital assets.

Loss on the Sale of Capital Assets	(2,052)	
Insurance Recoveries	(18,926)	
Proceeds from the Sale of Capital Assets	(2,150)	(23,128)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Interest	(20,149)	
Student Fees	(1,426)	
Intergovernmental	83,681	
Delinquent Taxes	71,549	
Payment in Lieu of Taxes	(3,253)	130,402

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

205,995

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due

(8,065)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Vacation Benefits Payable	(8,615)	
Retirement Incentive Payable	20,000	
Sick Leave Benefits Payable	(100,486)	(89,101)

Some capital assets were financed through capital leases. In governmental funds a capital lease arrangement is considered a source of financing, but in the statement of net assets the lease obligation is reported as a liability

(1,700,000)

The amortization of premiums and issuance costs are reported on the statement of activities:

Premium Amortization	10,934	
Issuance Costs Amortization	(2,074)	8,860

The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.

(8,235)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(388,491)

Change in Net Assets of Governmental Activities (\$1,349,511)

See accompanying notes to the basic financial statement:

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,223,431	\$3,247,108	\$3,180,613	(\$66,495)
Payment in Lieu of Taxes	0	2,892	2,892	0
Intergovernmental	11,470,413	11,424,000	11,398,097	(25,903)
Tuition and Fees	1,991,585	2,008,000	1,656,026	(351,974)
Rent	0	0	12,655	12,655
Charges for Services	396,730	423,945	563,638	139,693
Contributions and Donations	0	1,010	1,010	0
Miscellaneous	24,796	0	2,802	2,802
<i>Total Revenues</i>	17,106,955	17,106,955	16,817,733	(289,222)
Expenditures				
Current:				
Instruction:				
Regular	7,111,347	7,173,796	7,172,793	1,003
Special	1,563,832	1,563,832	1,493,621	70,211
Vocational	116,493	116,493	133,335	(16,842)
Student Intervention Services	297,800	297,800	230,088	67,712
Other	767,649	892,649	863,411	29,238
Support Services:				
Pupils	642,120	642,120	584,264	57,856
Instructional Staff	811,398	843,540	954,400	(110,860)
Board of Education	58,350	58,350	68,266	(9,916)
Administration	1,826,273	1,896,273	1,974,086	(77,813)
Fiscal	386,234	391,234	390,491	743
Operation and Maintenance of Plant	1,932,586	2,047,586	1,946,481	101,105
Pupil Transportation	1,048,754	1,128,754	1,047,613	81,141
Central	29,025	29,025	26,726	2,299
Extracurricular Activities	315,900	315,900	331,462	(15,562)
<i>Total Expenditures</i>	16,907,761	17,397,352	17,217,037	180,315
<i>Excess of Revenues Over (Under) Expenditures</i>	199,194	(290,397)	(399,304)	(108,907)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,000	1,000	950	(50)
Insurance Recoveries	0	0	42,825	42,825
Transfers Out	(30,000)	(30,000)	0	30,000
Advances Out	0	0	(11,705)	(11,705)
<i>Total Other Financing Sources (Uses)</i>	(29,000)	(29,000)	32,070	61,070
<i>Net Change in Fund Balance</i>	170,194	(319,397)	(367,234)	(47,837)
<i>Fund Balance Beginning of Year</i>	3,167,791	3,167,791	3,167,791	0
Prior Year Encumbrances Appropriated	23,463	23,463	23,463	0
<i>Fund Balance End of Year</i>	\$3,361,448	\$2,871,857	\$2,824,020	(\$47,837)

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$58,000	\$58,000	\$62,143	\$4,143
Payment in Lieu of Taxes	62	62	62	0
Intergovernmental	83,072	83,072	75,583	(7,489)
Interest	58,866	58,866	51,785	(7,081)
<i>Total Revenues</i>	200,000	200,000	189,573	(10,427)
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	255,000	350,000	348,556	1,444
<i>Net Change in Fund Balance</i>	(55,000)	(150,000)	(158,983)	(8,983)
<i>Fund Balance Beginning of Year</i>	1,262,083	1,262,083	1,262,083	0
<i>Fund Balance End of Year</i>	\$1,207,083	\$1,112,083	\$1,103,100	(\$8,983)

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2009

	Self- Insurance
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$989,843
Current Liabilities	
Deferred Revenue	182,190
Claims Payable	416,000
<i>Total Liabilities</i>	598,190
Net Assets	
Unrestricted	\$391,653

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2009

	Self- Insurance
Operating Revenues	
Charges for Services	\$2,539,652
Operating Expenses	
Purchased Services	427,086
Claims	2,501,057
<i>Total Operating Expenses</i>	2,928,143
<i>Operating Loss</i>	(388,491)
<i>Net Assets at Beginning of Year</i>	780,144
<i>Net Assets at End of Year</i>	\$391,653

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2009

	<u>Self- Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$2,549,483
Cash Payments for Services	(427,086)
Cash Payments for Claims	<u>(2,280,337)</u>
<i>Net Cash Used for Operating Activities</i>	(157,940)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,147,783</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$989,843</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$388,491)
Changes in Liabilities	
Increase in Deferred Revenue	9,831
Increase in Claims Payable	<u>220,720</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$157,940)</u></u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

Assets	
Equity in Pooled Cash and Cash Equivalents	\$34,564
Cash and Cash Equivalents in Segregated Accounts	<u>792</u>
<i>Total Assets</i>	<u><u>\$35,356</u></u>
 Liabilities	
Due to Students	\$34,564
Undistributed Monies	<u>792</u>
<i>Total Liabilities</i>	<u><u>\$35,356</u></u>

See accompanying notes to the basic financial statements

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Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. It is staffed by 113 classified employees, 166 certificated full-time teaching personnel, and 12 administrative employees who provide services to 2,179 students and other community members. The School District currently operates two instructional buildings, one administrative building, and one garage.

Reporting Entity:

A reporting entity is comprised 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 the School District, this includes general operations, food service, preschool, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Discretely Presented Component Unit. The component unit information on the Statement of Net Assets and the Statement of Activities identifies the financial data of the School District’s component unit, Foxfire High School. It is reported separately to emphasize that it is legally separate from the School District.

Foxfire High School. The Foxfire High School is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Foxfire High School’s mission, under a contractual agreement with the School District (Foxfire High School’s sponsor), is to help at-risk students meet Ohio’s graduation requirements. The Foxfire High School focuses on ensuring that basic survival needs are met so that students can achieve success in school. The Foxfire High School serves high school age students and above who have dropped out or are at risk of dropping out of school. A particular emphasis is placed on assisting parenting and/or pregnant students obtain a high school diploma.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The Foxfire High School operates under the direction of a five-member Board of Directors made up of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as represent the interest of the Muskingum County community. The sponsor is able to impose its will on Foxfire High School and due to Foxfire High School's relationship with Maysville Local School District it would be misleading to exclude Foxfire High School. The Sponsor can suspend the Foxfire High School's operations for any of the following reasons: 1) The Foxfire High School's failure to meet student performance requirements stated in its contract with the Sponsor; 2) The Foxfire High School's failure to meet generally accepted standards of fiscal management; 3) The Foxfire High School's violation of any provisions of the contract with the Sponsor or applicable state or federal law; or 4) Other good cause. Separately issued financial statements can be obtained from the Foxfire High School, PO Box 1818, Zanesville, Ohio 43701.

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are the Licking Area Computer Association, Mid-East Career and Technology Centers, Coalition of Rural and Appalachian Schools, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and the Ohio School Benefits Cooperative. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District however, does not have any business-type activities.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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 financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

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. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are descriptions of the School District's major governmental funds:

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Classroom Facilities Maintenance Fund The Classroom Facilities Maintenance Fund is used to account for levy proceeds for the maintenance of facilities.

Permanent Improvement Fund The Permanent Improvement Capital Projects Fund is used to account for the receipts and expenditures related to acquiring, constructing, and improving school facilities.

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

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Internal Service Fund The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, surgical, prescription drug, vision, and dental claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District does not have any trust funds. 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 student activities and payroll withholdings.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (revenues) and decreases (expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental and proprietary fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

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's records. Interest in the pool is presented as equity in pooled cash and cash equivalents on the financial statements.

The School District has segregated bank accounts for the payroll and athletic accounts. These checking accounts are presented on the financial statements as cash and cash equivalents in segregated accounts since they are kept separate from the School District treasury.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

During fiscal year 2009, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio), negotiable certificates of deposit, and non-negotiable certificates of deposit. Investments in negotiable certificates of deposit are stated at fair value based on quoted market prices. Non-negotiable certificates of deposit are reported at cost. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the Permanent Improvement Capital Projects Fund during fiscal year 2009 amounted to \$215,045, which includes \$158,058 assigned from other School District funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used.

Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

H. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-20 years
Buildings and Improvements	20-40 years
Machinery and Equipment	5-15 years
Furniture and Fixtures	5-20 years
Vehicles	8 years

I. Internal Activity

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either eternally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent the amount required by State statute to be set aside to create a reserve for budget stabilization. See Note 20 for additional information regarding set asides.

K. Compensated Absences

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

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

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which these payments will be made.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves

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

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets restricted for other purposes include activities for music and athletic programs and state and federal grants restricted to expenditures for specified purposes.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

P. Estimates

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

Q. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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 in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect at the time final appropriations were passed.

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

R. Bond Premiums, Gains on Refinancing and Issuance Costs

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, governmental fund types recognize issuance costs and bond premiums in the period in which the debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District's financial statements.

NOTE 4 – ACCOUNTABILITY

The following funds had a deficit fund balances at June 30, 2009.

<u>Special Revenue Funds:</u>	<u>Deficit Fund Balances</u>
Title I	\$18,277
Latchkey	635
Title VI-R	241
Miscellaneous Federal Grants	42,506

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

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) for the General Fund and Classroom Facilities Maintenance Special Revenue Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statement for the General Fund and Classroom Facilities Maintenance Fund:

	Net Change in Fund Balance	
	General	Classroom Facilities Maintenance
GAAP Basis	(\$426,497)	(\$153,264)
Net Adjustment for Revenue Accruals	(18,029)	532
Net Adjustment for Expenditure Accruals	198,075	4,609
Beginning:		
Prepaid Items	2,927	0
Ending:		
Prepaid Items	(4,780)	0
Advances Out	(11,705)	0
Adjustment for Encumbrances	(107,225)	(10,860)
Budget Basis	(\$367,234)	(\$158,983)

NOTE 6 - 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 that the Board of Education 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.

Maysville Local School District, Ohio
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Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
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) above;
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,301,131 of the School District's bank balance of \$7,056,984 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments: As of June 30, 2009, the School District had the following investments. All investments are in an internal investment pool.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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	Fair Value	Maturity
Negotiable Certificate of Deposit	\$100,747	1/22/2010
Negotiable Certificate of Deposit	99,904	4/30/2010
Negotiable Certificate of Deposit	101,108	4/18/2011
Negotiable Certificate of Deposit	96,870	1/2/2013
Negotiable Certificate of Deposit	103,064	1/16/2013
Negotiable Certificate of Deposit	100,798	4/9/2013
Negotiable Certificate of Deposit	97,724	5/15/2014
STAROhio	94,627	Average 58.1 Days
Total	\$794,842	

Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Of the School District's total investments, 88 percent is invested in negotiable certificates of deposit and 12 percent is invested in STAROhio.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008 on the value as of December 31, 2008. 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 semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Muskingum County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The amount available as an advance at June 30, 2009, was \$120,768. \$106,826 was available to the General Fund, \$11,743 was available to the Bond Retirement Debt Service Fund, and \$2,199 was available to the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2008, was \$146,691. \$129,728 was available to the General Fund, \$14,232 was available to the Bond Retirement Debt Service Fund, and \$2,731 was available to the Classroom Facilities Maintenance Special Revenue Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred. On a modified accrual basis, only the amount available as an advance is recognized as revenue.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$154,889,660	91.32%	\$157,757,550	93.62%
Public Utility Personal	6,073,770	3.58%	6,194,220	3.68%
General Business Personal	8,657,483	5.10%	4,551,570	2.70%
Total Assessed Value	<u>\$169,620,913</u>	<u>100.00%</u>	<u>\$168,503,340</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$40.15		\$40.15	

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8 - RECEIVABLES

Receivables at June 30, 2009, consisted of property taxes, payment in lieu of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes and payment in lieu of taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities</u>	
School Foundation Adjustments	\$8,654
Bureau of Worker's Compensation Refund	2,637
Ohio Partners in Character Education Grant	2,500
Ohio State University Learning Grant	5,000
Title VI-B Grant	78,382
Title I Grant	95,610
Title School Improvement Grant	15,619
Title IV-A Grant	128
Title II-A Grant	7,169
Breakfast Grant	335
Fruit and Vegetable Grant	4,312
Total	<u><u>\$220,346</u></u>

On May 4, 2006, Muskingum County entered into an Enterprise Zone Compensation Agreement with Coconis Furniture, Inc., for the purpose of acquiring land, constructing a new distribution center, purchasing machinery and equipment, furniture and fixtures, and acquiring inventory. To encourage these improvements, the property owner was granted a 100 percent exemption from paying real and personal property taxes on the new construction; however, the property owner is required to make payment in lieu of taxes. The School District has agreed to this project and was being made whole for lost real and personal property taxes by receiving payments in lieu of taxes in an amount equal to the real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreement. Subsequent to the phase out of tangible personal property taxes, the School District will continue to receive payments in lieu of taxes in an amount equal to real property taxes that otherwise would have been due each year. The property owner makes payment in lieu of taxes to Muskingum County which is distributed to the School District. These payments are being used to finance improvements and will continue over ten years.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Nondepreciable Capital Assets				
Land	\$756,108	\$0	\$0	\$756,108
Construction in Progress	406,190	1,603,947	(1,939,268)	70,869
Total Capital Assets not being depreciated	<u>1,162,298</u>	<u>1,603,947</u>	<u>(1,939,268)</u>	<u>826,977</u>
Depreciable Capital Assets				
Land Improvements	1,752,518	2,269,871	0	4,022,389
Buildings and Improvements	36,419,304	1,302,061	0	37,721,365
Furniture and Equipment	3,567,904	100,270	0	3,668,174
Vehicles	1,280,813	80,990	(115,854)	1,245,949
Total at Historical Cost	<u>43,020,539</u>	<u>3,753,192</u>	<u>(115,854)</u>	<u>46,657,877</u>
Less Accumulated Depreciation				
Land Improvements	(737,240)	(104,634)	0	(841,874)
Buildings and Improvements	(7,272,050)	(892,752)	0	(8,164,802)
Furniture and Equipment	(2,339,121)	(182,181)	0	(2,521,302)
Vehicles	(1,069,028)	(53,487)	92,726	(1,029,789)
Total Accumulated Depreciation	<u>(11,417,439)</u>	<u>(1,233,054) *</u>	<u>92,726</u>	<u>(12,557,767)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>31,603,100</u>	<u>2,520,138</u>	<u>(23,128)</u>	<u>34,100,110</u>
Governmental Activities Capital Assets, Net	<u>\$32,765,398</u>	<u>\$4,124,085</u>	<u>(\$1,962,396)</u>	<u>\$34,927,087</u>

During fiscal year 2009, the School District had constructed a new stadium with artificial turf. On September 15, 2008, Ohio experienced a wind storm with hurricane-like force winds. As a result of the wind storm, the stadium's artificial turf was destroyed. The School District received an insurance reimbursement in the amount of \$299,970 for the replacement of the artificial turf. Due to the artificial turf being destroyed and replaced during the same year in which it was originally installed, the capital asset table above does not reflect the addition and deletion. Accordingly, the expense and insurance recovery were eliminated on the Statement of Activities.

During fiscal year 2009, the School District had a bus that was destroyed by a fire incident. The School District received \$69,383 in insurance recoveries from the insurance company. \$18,926 was used to cover the book value of the bus and \$50,457 was reflected as program revenue on the Statement of Activities.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$487,197
Special	84,317
Vocational	19,371
Support Services:	
Pupils	18,883
Instructional Staff	182,276
Administration	62,801
Fiscal	5,095
Operation and Maintenance	67,794
Pupil Transportation	53,487
Central	11,643
Extracurricular	119,128
Food Service Operations	<u>121,062</u>
Total Depreciation Expense	<u><u>\$1,233,054</u></u>

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with the Young Insurance Agency Incorporated, through Utica National Insurance Group, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, fleet insurance, and builder's risk insurance. Coverage provided is as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$62,838,201
Earthquake (\$25,000 deductible)	1,000,000
Employee Benefit Liability (\$1,000 deductible)	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Employers Liability	1,000,000
Fleet Insurance (\$1,000 deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Medical Expense	5,000

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

For fiscal year 2009, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. Managed Care Organization provides administrative, cost control, and actuarial services to the GRP.

Medical, dental, and vision insurance is offered to employees through a self-insurance internal service fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$416,000 reported in the internal service fund at June 30, 2009, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased an aggregate stop-loss coverage policy in the amount of \$75,000 annually.

Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2008	\$155,531	\$2,333,628	\$2,293,879	\$195,280
2009	195,280	2,501,057	2,280,337	416,000

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$267,191, \$256,313 and \$259,162 respectively; 50.83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description - The School District participates in 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 STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement 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 contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,280,563, \$1,131,462, and \$1,023,638 respectively; 81.19 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,894 made by the School District and \$18,121 made by the plan members.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated 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 the System 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 SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each 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 2009, 4.16 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 2009, this amount was \$35,800.

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 contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$166,756, \$160,009, and \$135,517 respectively; 50.83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$10,840, \$18,468, and \$17,623 respectively; 50.83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health 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 the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$98,881, \$88,032 and \$79,128 respectively; 81.26 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 13 - 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 fiscal year, depending upon length of service. Unused vacation time at the end of a fiscal year is not accumulated or carried forward to the next fiscal year. Teachers do not earn vacation time.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 249 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 62 days.

B. Life Insurance

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

C. Retirement Incentive

Upon reaching 30 years of retirement credit in the State Teachers Retirement System (STRS), teachers become eligible to receive a \$10,000 retirement bonus (incentive), providing they retire in their 30th year. The benefit will be paid in a lump sum payment in January following the effective fiscal year of retirement.

During fiscal year 2009, the School District paid \$30,000 in retirement incentives that were accrued as liabilities at June 30, 2008. At June 30, 2009 \$10,000 in retirement incentives was accrued as a liability to be paid in January 2010.

NOTE 14 – CAPITALIZED LEASES

The School District has entered into capitalized leases for copiers and an athletic facility. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

During fiscal year 2009, the School District entered into a capital lease to construct a new athletic complex that includes a multi-purpose facility and a new track and athletic field with artificial turf. The land improvement and buildings and improvements constructed and acquired by the lease has been capitalized in the government-wide statements in the amount of \$1,700,000, which is equal to the present value of the future minimum lease payments at the time of acquisition.

The agreements provide for minimum annual rental payments as follows:

Fiscal Year Ending June 30,	Amount
2010	\$260,168
2011	257,168
2012	257,167
2013	237,978
2014	211,112
2015 - 2019	1,055,558
Total	2,279,151
Less: Amount Representing Interest	(430,969)
Present Value of Net Minimum Lease Payments	\$1,848,182

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The copiers and athletic facility were originally capitalized in the amount of \$1,898,551. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2009 totaled \$35,995 in the governmental funds.

Property under Capital Lease	\$1,898,551
Less: Accumulated Depreciation	<u>(63,572)</u>
Total June 30, 2009	<u><u>\$1,834,979</u></u>

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/2008	Additions	Deductions	Principal Outstanding 6/30/2009	Due in One Year
School Facilities Improvement					
General Obligation Bonds					
Serial Bonds - 2000 - 3.80%-6.35%	\$1,295,000	\$0	\$170,000	\$1,125,000	\$175,000
School Improvement Refunding					
General Obligation Bonds					
Serial Bonds - 2007 - 4.0%	590,000	0	0	590,000	0
Term Bonds - 2007 - 5.25%	1,580,000	0	0	1,580,000	0
Bond Premium	153,068	0	10,934	142,134	0
Deferred Amount on Refunding	<u>(115,284)</u>	<u>0</u>	<u>(8,235)</u>	<u>(107,049)</u>	<u>0</u>
Total Long-Term Bonds	<u>3,502,784</u>	<u>0</u>	<u>172,699</u>	<u>3,330,085</u>	<u>175,000</u>
Capital Leases	184,177	1,700,000	35,995	1,848,182	174,150
Compensated Absences Payable	<u>1,037,565</u>	<u>224,338</u>	<u>123,852</u>	<u>1,138,051</u>	<u>162,990</u>
Total General Long-Term Obligations	<u><u>\$4,724,526</u></u>	<u><u>\$1,924,338</u></u>	<u><u>\$332,546</u></u>	<u><u>\$6,316,318</u></u>	<u><u>\$512,140</u></u>

2000 School Facilities General Obligation Bonds - On September 1, 1999, the School District issued \$4,732,000 in variable interest rate School Facilities Improvement Bonds. The bond proceeds represented the local share for the School District's construction of a new school campus which will house all students pursuant to the approval of a \$32,022,957 school facilities grant through the Ohio School Facilities Commission. The bond issue included serial and term bonds in the amount of \$3,137,000 and \$1,595,000 respectively. During fiscal year 2007, the School District advance refunded \$585,000 of the serial bonds, and \$1,595,000 of the term bonds. The advance refunded portion of the bonds was removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the Debt Service Fund. The original bonds were issued for a twenty-three period with a final maturity at December 1, 2022, and after the advance refunding continue to have a final maturity at December 1, 2022.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Principal and interest requirements to retire general obligation bonds for the outstanding 2000 School Facilities Improvement Bonds outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$175,000	\$183,810
2011	0	174,718
2012	0	164,979
2013	0	154,576
2014	215,000	142,369
2015-2019	735,000	484,212
2020-2022	0	87,281
Total	\$1,125,000	\$1,391,945

2007 School Improvement Refunding General Obligation Bonds – The School District had previously issued 2000 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2007 School Improvement Refunding General Obligation Bonds. At the date of refunding, \$2,311,754 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District’s financial statements. As of June 30, 2009, \$2,180,000 of the refunded bonds are still outstanding, and the balance of the irrevocable trust account was \$2,261,355.

On August 16, 2006, the School District issued \$2,170,000 of School Improvement Refunding General Obligation Bonds that were issued to partially refund the 2000 School Facilities Improvement General Obligation Bonds. The bonds were issued for a sixteen year period with a final maturity at December 1, 2021. The \$2,170,000 School Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$174,936. The issuance costs of \$33,182 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2009 was \$2,074. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$131,754. This difference is being reported in the accompanying financial statements as a decrease to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to services the new debt of \$151,035. The issuance resulted in a total economic gain of \$121,468.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Principal and interest requirements to the 2007 School Improvement Refunding General Obligation Bonds outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$0	\$106,550
2011	185,000	102,850
2012	200,000	95,150
2013	205,000	87,050
2014	0	82,950
2015-2019	585,000	384,431
2020-2022	995,000	80,719
Total	<u>\$2,170,000</u>	<u>\$939,700</u>

Capital leases will be paid from the general fund and the permanent improvement capital projects fund. Compensated absences will be paid from the general and food service funds.

The School District's overall legal debt margin was \$11,833,149 with an unvoted debt margin of \$163,861 at June 30, 2009.

NOTE 16 - INTERFUND ACTIVITY

During fiscal year 2009, the School District had an interfund receivable in the general fund for \$11,705 due to the general fund making advances (short term loans) to the following funds there were not repaid by fiscal year end: miscellaneous state grants special revenue fund for \$5,000, title I special revenue fund for \$6,577, and title iv-a special revenue fund for \$128.

NOTE 17- JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and the School District has no equity interest in the Association. The School District's payments to LACA for fiscal year 2009 were \$79,895. Financial statements for LACA can be obtained from their fiscal agent - the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

B. Mid-East Career and Technology Centers

The Mid-East Career and Technology Centers is a jointly governed organization providing vocational education services to its thirteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's boards.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The Board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2009, the School District did not make any contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Centers, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 43701.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. During fiscal year 2009, the School District did not make any contributions to the Coalition of Rural and Appalachian Schools. To obtain financial information write to the Coalition of Rural and Appalachian Schools, Dick Fisher, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 18 - INSURANCE PURCHASING POOLS

A. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

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

B. Ohio School Benefits Cooperative

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Participants pay a \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. On November 1, 2005, the School District elected to participate in the self-insured purchasing program for medical, prescription drug, dental, and vision coverage.

NOTE 19 – GRANT CONTINGENCIES

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, 2009.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

The School District was also required to set aside money for budget stabilization. Senate Bill 345, effective April 10, 2001, eliminated the budget stabilization requirement and placed restrictions on the budget stabilization money relating to the workers' compensation refunds. Any additional money on hand in a School District's budget reserve set-aside as of April 10, 2001, may at the discretion of the Board be returned to the District's General Fund or may be left in the account and used by the Board to offset any budget deficit the District may experience in future years.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2008	(\$167,301)	\$0	\$44,593
Current Year Set-aside Requirement	349,393	349,393	0
Current Year Offsets	0	(619,311)	0
Qualifying Disbursements	<u>(214,218)</u>	<u>(212,819)</u>	<u>(840)</u>
Total	<u>(\$32,126)</u>	<u>(\$482,737)</u>	<u>\$43,753</u>
Balance Carried Forward to Future Fiscal Years	<u>(\$32,126)</u>	<u>\$0</u>	<u>\$43,753</u>
Cash Balances to Carry Forward to Future Fiscal Years	<u>\$0</u>	<u>\$0</u>	<u>\$43,753</u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amounts in the textbooks set asides may be used to reduce the set-aside requirements in future fiscal years.

NOTE 21 – CONTRACTUAL OBLIGATIONS

As of June 30, 2009, the School District had a contractual purchase commitment for the construction of a retaining wall at the new athletic complex. The amount of the contract is as follows:

<u>Contractor</u>	<u>Fund</u>	<u>Purchase Commitment</u>	<u>Amounts Paid as of 6/30/2009</u>	<u>Amounts Remaining on Contract</u>
	Classroom Facilities			
Philip Gill Excavating	Maintenance Fund	\$6,460	\$1,938	\$4,522

NOTE 22 – FOXFIRE HIGH SCHOOL

A. Basis of Presentation

The Foxfire High School is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. The Foxfire High School uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

B. Capital Assets

Foxfire High School's capital assets during fiscal year 2009 consisted of computer equipment, video equipment, and a sign. All capital assets will be capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets will be recorded at their fair market values as of the date received. Foxfire High School maintains a capitalization threshold of one thousand dollars. All of Foxfire High School's reported capital assets will be depreciated using the straight-line method over the estimated useful life.

NOTE 23 – RELATED PARTY TRANSACTIONS

Maysville Local School District, the sponsor, consults with the Executive Director of Foxfire High School who then appoints a five-member Board of Directors made up of five community members. The High School is presented as a component unit of the Sponsor. For fiscal year 2009, \$943,013 was provided by the Sponsor for administrative, fiscal, and student services provided to Foxfire High School. Foxfire High School paid all but \$159,012 of this amount as of June 30, 2009. This amount is reflected as Due From Component Unit in the financial statements.

During fiscal year 2009, Foxfire High School paid the Sponsor \$2,200 per full time equivalent student to cover rent, administrative services, maintenance services, and support services provided by the Sponsor. The High School is located in a portion of facilities previously utilized by the Sponsor.

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**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2008/2009	10.555	\$ 43,572	\$ 43,572
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	72,998	72,998
National School Lunch Program	2008/2009	10.555	389,487	389,487
Cash Assistance Subtotal			<u>462,485</u>	<u>462,485</u>
Total Child Nutrition Cluster			506,057	506,057
Fresh Fruits and Vegetables Program	2008/2009	10.582	<u>58,048</u>	<u>58,048</u>
Total U.S. Department of Agriculture			564,105	564,105
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2008	84.010	93,518	109,729
	2009		<u>468,140</u>	<u>474,716</u>
Total Title I Grants to Local Educational Agencies			561,658	584,445
Special Education Cluster:				
Special Education Grants to States	2008	84.027	86,365	122,086
	2009		<u>331,980</u>	<u>302,044</u>
Total Special Education Grants to States			418,345	424,130
Special Education Preschool Grants	2009	84.173	<u>17,677</u>	<u>17,677</u>
Total Special Education Cluster			436,022	441,807
Safe and Drug-Free Schools and Communities:				
State Grants	2009	84.186	9,054	9,182
Twenty-First Century Community Learning Centers				
	2008	84.287	25,710	37,187
	2009		<u>200,000</u>	<u>200,000</u>
Total Twenty-First Century Community Learning Centers			225,710	237,187
State Grants for Innovative Programs	2009	84.298	1,645	1,645
Education Technology State Grants	2009	84.318	4,615	4,615
Improving Teacher Quality	2008	84.367	18,530	23,039
	2009		<u>100,358</u>	<u>92,963</u>
Total Improving Teacher Quality			118,888	116,002
School Improvement Grants	2009	84.377	<u>44,381</u>	<u>44,381</u>
Total U.S. Department of Education			<u>1,401,973</u>	<u>1,439,264</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,966,078</u>	<u>\$ 2,003,369</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Maysville Local School District's (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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*

Maysville Local School District
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43701

To the Board of Education:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 24, 2010. 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.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

February 24, 2010



Mary Taylor, CPA

Auditor of State

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

Maysville Local School District
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43701

To the Board of Education:

Compliance

We have audited the compliance of the Maysville Local School District, Muskingum County, Ohio (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 year ended June 30, 2009. 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 year ended June 30, 2009.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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.

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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 the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 24, 2010

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

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 non-compliance at the financial statement level (GAGAS)?	No
<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 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 Program (list):	Title I Grants to Local Educational Agencies – CFDA 84.010
<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**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Maysville Local School District
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43701

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board of Education, solely to assist the Board in evaluating whether the Maysville Local School District, Muskingum County, Ohio (the School District), has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 11, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States; and
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.21 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than this specified party.



Mary Taylor, CPA
Auditor of State

February 24, 2010



Mary Taylor, CPA
Auditor of State

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 25, 2010**