



Dave Yost • Auditor of State

**JACKSON MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Milton Local School District
Mahoning County
13910 Mahoning Avenue
North Jackson, Ohio 44451

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Milton Local School District, Mahoning County, Ohio (the "District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Milton Local School District, Mahoning County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparisons for the General Fund and Emergency Levy Fund 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 April 22, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipt and Expenditure Schedule provides additional information required by the 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. The Federal Awards Receipt and Expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

April 22, 2011

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The discussion and analysis of the Jackson-Milton Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets of governmental activities increased \$1,107,187 which represents a 21.24% increase from 2009.
- General revenues accounted for \$9,236,415 in revenue or 85.11% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,616,208 or 14.89% of total revenues of \$10,852,623.
- The District had \$9,745,436 in expenses related to governmental activities; \$1,616,208 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,236,415 were adequate to provide for these programs.
- The District's major governmental funds are the General fund, Emergency Levy fund, Permanent Improvement fund and the Building fund. The General fund had \$7,021,218 in revenues and \$7,084,244 in expenditures and other financing uses. During fiscal year 2010, the General fund's fund balance decreased \$63,026 from a balance of \$1,885,717 to a balance of \$1,822,691.
- The District's Emergency Levy fund had \$1,451,693 in revenues and \$1,527,576 in expenditures. During fiscal year 2010, the Emergency Levy fund's fund balance decreased \$75,883 from a balance of \$70,327 to a deficit of \$5,556.
- The District's Permanent Improvement fund had \$1,476,950 in revenues and other financing sources and \$1,167,279 in expenditures. During fiscal year 2010, the Permanent Improvement fund's fund balance increased \$309,671 from a balance of \$845,586 to a balance of \$1,155,257.
- The District's Building fund had \$90,149 in revenues and \$1,637,538 in expenditures. During fiscal year 2010, the Building fund's fund balance decreased \$1,547,389 from a balance of \$1,925,109 to a balance of \$377,720.

Using these Basic Financial Statements

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide 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 future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the General fund, Emergency Levy fund, Permanent Improvement fund and the Building fund are by far the most significant funds, and the only governmental funds reported as major funds.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 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, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's Statement of Net Assets and Statement of Activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General fund, Emergency Levy fund, Permanent Improvement fund and Building fund.

Governmental Funds

Most of the 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 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* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government 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 basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-49 of this report.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets at June 30, 2010 and 2009.

	Net Assets	
	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Assets</u>		
Current and other assets	\$ 10,779,043	\$ 12,045,056
Capital assets, net	<u>17,958,637</u>	<u>15,773,871</u>
Total assets	<u>28,737,680</u>	<u>27,818,927</u>
<u>Liabilities</u>		
Current liabilities	6,778,688	6,628,884
Long-term liabilities	<u>15,639,803</u>	<u>15,978,041</u>
Total liabilities	<u>22,418,491</u>	<u>22,606,925</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	2,898,556	1,632,510
Restricted	1,721,891	1,556,522
Unrestricted	<u>1,698,742</u>	<u>2,022,970</u>
Total net assets	<u>\$ 6,319,189</u>	<u>\$ 5,212,002</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$6,319,189. Of this total, \$1,721,891 is restricted in use.

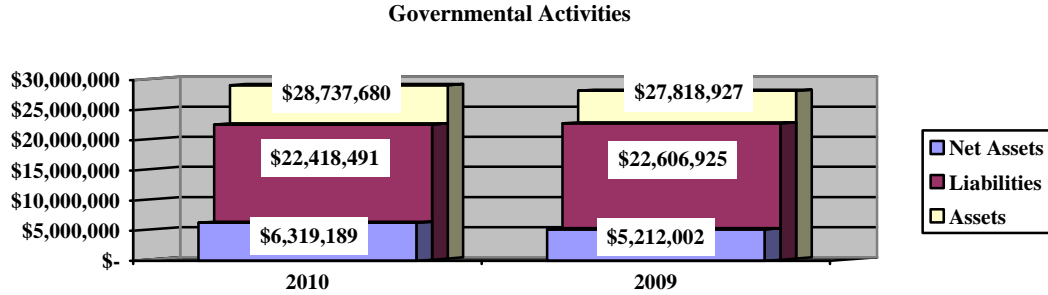
At year-end, capital assets represented 62.49% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$2,898,556. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,721,891, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$1,698,742.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2010 and 2009:



The table below shows the change in net assets for fiscal year 2010 and 2009.

	Change in Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
	<u> </u>	<u> </u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 684,860	\$ 663,405
Operating grants and contributions	931,348	958,716
Capital grants and contributions	-	547,052
General revenues:		
Property taxes	5,222,613	5,314,011
Grants and entitlements	3,816,481	3,402,938
Investment earnings	1,001	46,937
Other	<u>196,320</u>	<u>139,349</u>
 Total revenues	 <u>10,852,623</u>	 <u>11,072,408</u>

(continued)

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

	Change in Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 3,863,627	\$ 4,573,080
Special	1,363,651	1,215,060
Vocational	87,797	103,616
Other	-	17,124
Support services:		
Pupil	233,328	214,261
Instructional staff	130,993	184,159
Board of education	72,100	84,092
Administration	556,605	556,923
Fiscal	453,059	443,426
Operations and maintenance	695,961	722,441
Pupil transportation	861,545	735,844
Operations of non-instructional services:		
Food service operations	355,316	286,604
Other non-instructional services	1,942	7,806
Extracurricular activities	390,693	397,867
Interest and fiscal charges	678,819	688,258
Total expenses	<u>9,745,436</u>	<u>10,230,561</u>
Change in net assets	1,107,187	841,847
Net assets at beginning of year	<u>5,212,002</u>	<u>4,370,155</u>
Net assets at end of year	<u>\$ 6,319,189</u>	<u>\$ 5,212,002</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,107,187. Total governmental expenses of \$9,745,436 were offset by program revenues of \$1,616,208 and general revenues of \$9,236,415. Program revenues supported 16.58% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 83.29% of total governmental revenue.

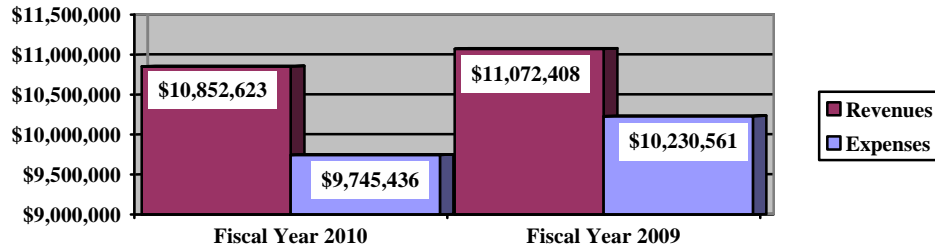
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,315,075 or 54.54% of total governmental expenses for fiscal year 2010.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2010 and 2009.

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program expenses				
Instruction:				
Regular	\$ 3,863,627	\$ 3,262,104	\$ 4,573,080	\$ 3,777,153
Special	1,363,651	886,316	1,215,060	847,140
Vocational	87,797	82,319	103,616	89,127
Other	-	-	17,124	(15,319)
Support services:				
Pupil	233,328	233,328	214,261	211,939
Instructional staff	130,993	116,819	184,159	165,625
Board of education	72,100	72,100	84,092	84,092
Administration	556,605	556,605	556,923	556,923
Fiscal	453,059	448,059	443,426	3,830
Operations and maintenance	695,961	695,861	722,441	703,174
Pupil transportation	861,545	835,100	735,844	706,670
Operations of non-instructional services:				
Food service operations	355,316	(32,093)	286,604	(52,150)
Other non-instructional services	1,942	906	7,806	6,109
Extracurricular activities	390,693	292,985	397,867	288,817
Interest and fiscal charges	678,819	678,819	688,258	688,258
Total expenses	\$ 9,745,436	\$ 8,129,228	\$ 10,230,561	\$ 8,061,388

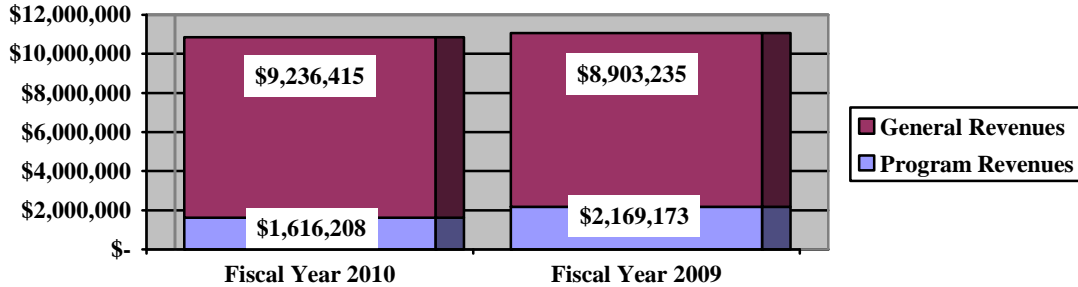
The dependence upon tax and other general revenues for governmental activities is apparent, 79.60% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.42%. The District's taxpayers, as a whole, and unrestricted grants and entitlements are by far the primary support for District's students.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The graph below presents the District's governmental activities revenue for fiscal year 2010 and 2009.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,576,415, which is lower than last year's total of \$4,982,212. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance (deficit) <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	Increase/ (Decrease)	Percentage <u>Change</u>
General	\$ 1,822,691	\$ 1,885,717	\$ (63,026)	(3.34) %
Emergency Levy	(5,556)	70,327	(75,883)	(107.90) %
Permanent Improvement	1,155,257	845,586	309,671	36.62 %
Building	377,720	1,925,109	(1,547,389)	(80.38) %
Other Governmental	<u>226,303</u>	<u>255,473</u>	<u>(29,170)</u>	(11.42) %
Total	<u>\$ 3,576,415</u>	<u>\$ 4,982,212</u>	<u>\$ (1,405,797)</u>	(28.22) %

General Fund

The District's General fund balance decreased \$63,026. The decrease in fund balance can be attributed to the transfer out of \$476,961 exceeding the excess of revenues over expenditures of \$413,935. Overall, total revenues and expenditures decreased approximately 3% each.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The table that follows assists in illustrating the financial activities and fund balance of the General fund.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,131,921	\$ 3,244,339	\$ (112,418)	(3.47) %
Tuition	420,915	413,233	7,682	1.86 %
Earnings on investments	2,917	15,652	(12,735)	(81.36) %
Intergovernmental	3,408,163	3,511,663	(103,500)	(2.95) %
Other revenues	<u>57,302</u>	<u>61,021</u>	<u>(3,719)</u>	(6.09) %
Total	<u>\$ 7,021,218</u>	<u>\$ 7,245,908</u>	<u>\$ (224,690)</u>	(3.10) %
<u>Expenditures</u>				
Instruction	\$ 3,528,641	\$ 3,868,313	\$ (339,672)	(8.78) %
Support services	2,796,991	2,664,999	131,992	4.95 %
Non-instructional services	906	907	(1)	(0.11) %
Extracurricular activities	<u>280,745</u>	<u>258,152</u>	<u>22,593</u>	8.75 %
Total	<u>\$ 6,607,283</u>	<u>\$ 6,792,371</u>	<u>\$ (185,088)</u>	(2.72) %

Emergency Levy Fund

The District's Emergency Levy fund had \$1,451,693 in revenues and \$1,527,576 in expenditures. During fiscal year 2010, the Emergency Levy fund's fund balance decreased \$75,883 from a balance of \$70,327 to a deficit of \$5,556.

Permanent Improvement Fund

The District's Permanent Improvement fund had \$1,476,950 in revenues and other financing sources and \$1,167,279 in expenditures. During fiscal year 2010, the Permanent Improvement fund's fund balance increased \$309,671 from a balance of \$845,586 to a balance of \$1,155,257.

Building Fund

The District's Building fund had \$90,149 in revenues and \$1,637,538 in expenditures. During fiscal year 2010, the Building fund's fund balance decreased \$1,547,389 from a balance of \$1,925,109 to a balance of \$377,720. This decrease was a result of the District's building project, which was completed during the year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2010, the District amended its General fund budget several times. For the General fund, original budgeted revenues and other financing sources were \$7,034,601 and final budgeted revenues and other financing sources were \$7,215,108. Actual revenues and other financing sources for fiscal year 2010 was \$7,217,074. This is an increase of \$1,966 over the final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$7,520,004 were decreased to \$7,297,474 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$7,296,473, which was \$1,001 less than the final budget appropriations.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$17,958,637 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2010 balances compared to 2009:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 346,831	\$ 465,231
Construction in progress	-	14,503,156
Land improvements	1,080,760	120,143
Building and improvements	15,501,971	407,071
Furniture and equipment	752,968	33,686
Vehicles	276,107	244,584
Total	\$ 17,958,637	\$ 15,773,871

Total additions to capital assets for 2010 were \$17,513,884. Changes to capital assets for 2010 were \$14,545,748 (net of accumulated depreciation). Depreciation expense for fiscal year 2010 was \$783,370. Overall, capital assets of the District increased \$2,184,766.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2010, the District had \$80,004 in energy conservation notes outstanding and \$15,160,000 in lease purchase agreements. Of this total, \$260,000 is due within one year and \$14,980,004 is due in greater than one year.

The following table summarizes the notes and lease purchase agreement outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2010	2009
Lease purchase agreement	\$ 15,160,000	\$ 15,375,000
Energy conservation notes	80,004	105,004
Total	\$ 15,240,004	\$ 15,480,004

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

Current Financial Related Activities

The District faces many challenges in the future. The District relies heavily upon State support for revenue. With the implementation of HB1 and the loss of personal property tax revenue, the District has been forced to continue asking taxpayers to renew tax levies. The District is also on a fixed transition guarantee funding formula based on fiscal year 2009 levels. For now, HB1 is providing the District with stable revenue in conjunction with Federal Stimulus support. The five-year forecast is currently projecting a decrease of approximately six percent in support beyond fiscal year 2011. The voters approved a 5.5 mill emergency levy generating \$988,485 in November 2008. The voters also approved a 2.1 mill emergency levy in November 2009 generating \$383,088 per year.

The District completed its building project in September 2009. A new 7-12 facility was approved by the Board of Education and will be paid for by re-allocating 3.85 inside mills for permanent improvement. These mills combined with existing permanent improvement dollars allowed the district to borrow the funds needed for the project. Approximately \$16 million will be spent on this building and will be paid for over the next 30 years. Construction began in fiscal year 2009. The building is designed to meet OSFC guidelines for reimbursement in future years.

The last challenge facing the District is the future of State funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. At this time, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The District has been adversely affected by open enrollment and community school education options. In response, the Board of Education declared the District open to every district in the State. This move has softened the financial blow and is beginning to offset some of the financial loss.

The District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the financial challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. John C. Zinger, Treasurer, Jackson-Milton Local School District, 13910 Mahoning Avenue, North Jackson, Ohio 44451.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 4,709,154
Cash with escrow agent	70,265
Receivables:	
Taxes	5,670,688
Accounts.	8,685
Accrued interest	32
Intergovernmental	84,277
Prepayments	10,800
Materials and supplies inventory.	4,812
Unamortized lease issuance costs	220,330
Capital assets:	
Land	346,831
Depreciable capital assets, net.	17,611,806
Capital assets, net	17,958,637
 Total assets.	 28,737,680
 Liabilities:	
Accounts payable.	11,954
Contracts payable.	45,952
Retainage payable	70,265
Accrued wages and benefits	862,541
Pension obligation payable.	194,960
Intergovernmental payable	28,898
Unearned revenue	5,347,802
Accrued interest payable	216,316
Long-term liabilities:	
Due within one year.	371,316
Due within more than one year	15,268,487
Total liabilities	22,418,491
 Net Assets:	
Invested in capital assets, net	
of related debt.	2,898,556
Restricted for:	
Capital projects	1,374,554
Locally funded programs	8,000
Public school support	36,577
Student activities	19,080
Other purposes	283,680
Unrestricted.	1,698,742
Total net assets	\$ 6,319,189

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 3,863,627	\$ 402,678	\$ 198,845	\$ (3,262,104)
Special	1,363,651	25,096	452,239	(886,316)
Vocational	87,797	3,088	2,390	(82,319)
Support services:				
Pupil	233,328	-	-	(233,328)
Instructional staff	130,993	-	14,174	(116,819)
Board of education	72,100	-	-	(72,100)
Administration	556,605	-	-	(556,605)
Fiscal	453,059	-	5,000	(448,059)
Operations and maintenance	695,961	100	-	(695,861)
Pupil transportation	861,545	-	26,445	(835,100)
Operation of non-instructional services:				
Food service operations	355,316	175,959	211,450	32,093
Other non-instructional services	1,942	-	1,036	(906)
Extracurricular activities	390,693	77,939	19,769	(292,985)
Interest and fiscal charges	678,819	-	-	(678,819)
Total governmental activities	<u>\$ 9,745,436</u>	<u>\$ 684,860</u>	<u>\$ 931,348</u>	<u>(8,129,228)</u>
General Revenues:				
Property taxes levied for:				
				3,150,662
General purposes				1,192,416
Special revenue				879,535
Capital projects				
Grants and entitlements not restricted				
to specific programs				3,816,481
Investment earnings				1,001
Miscellaneous				196,320
Total general revenues				<u>9,236,415</u>
Change in net assets				1,107,187
Net assets at beginning of year				<u>5,212,002</u>
Net assets at end of year				<u>\$ 6,319,189</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Emergency Levy</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents.	\$ 2,842,557	\$ -	\$ 1,155,143	\$ 423,659	\$ 287,795	\$ 4,709,154
Cash with escrow agent.	-	-	-	70,265	-	70,265
Receivables:						
Taxes.	3,430,711	1,288,357	951,620	-	-	5,670,688
Accounts.	7,750	-	114	13	808	8,685
Accrued interest.	32	-	-	-	-	32
Intergovernmental.	172	-	-	-	84,105	84,277
Prepayments.	10,800	-	-	-	-	10,800
Materials and supplies inventory.	-	-	-	-	4,812	4,812
Total assets	<u>\$ 6,292,022</u>	<u>\$ 1,288,357</u>	<u>\$ 2,106,877</u>	<u>\$ 493,937</u>	<u>\$ 377,520</u>	<u>\$ 10,558,713</u>
Liabilities:						
Accounts payable	\$ 9,717	\$ -	\$ -	\$ -	\$ 2,237	\$ 11,954
Contracts payable.	-	-	-	45,952	-	45,952
Retainage payable.	-	-	-	70,265	-	70,265
Accrued wages and benefits.	785,296	-	-	-	77,245	862,541
Compensated absences payable	42,193	-	-	-	-	42,193
Pension obligation payable	180,985	-	-	-	13,975	194,960
Intergovernmental payable	20,257	5,556	-	-	3,085	28,898
Deferred revenue	224,851	76,719	57,543	-	18,620	377,733
Unearned revenue.	3,206,032	1,211,638	894,077	-	36,055	5,347,802
Total liabilities.	<u>4,469,331</u>	<u>1,293,913</u>	<u>951,620</u>	<u>116,217</u>	<u>151,217</u>	<u>6,982,298</u>
Fund Balances:						
Reserved for encumbrances	36,526	-	-	91,704	35	128,265
Reserved for materials and supplies inventory	-	-	-	-	4,812	4,812
Reserved for prepayments.	10,800	-	-	-	-	10,800
Unreserved, undesignated (deficit), reported in:						
General fund.	1,775,365	-	-	-	-	1,775,365
Special revenue funds	-	(5,556)	-	-	221,456	215,900
Capital projects funds	-	-	1,155,257	286,016	-	1,441,273
Total fund balances (deficit)	<u>1,822,691</u>	<u>(5,556)</u>	<u>1,155,257</u>	<u>377,720</u>	<u>226,303</u>	<u>3,576,415</u>
Total liabilities and fund balances	<u>\$ 6,292,022</u>	<u>\$ 1,288,357</u>	<u>\$ 2,106,877</u>	<u>\$ 493,937</u>	<u>\$ 377,520</u>	<u>\$ 10,558,713</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$	3,576,415
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			17,958,637
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	358,941	
Intergovernmental receivable		<u>18,792</u>	
Total			377,733
Unamortized lease issuance costs are not recognized in the funds governmental activities in the statement of net assets.			220,330
Unamortized discounts on lease purchase agreements are not recognized in the funds.			179,923
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(216,316)
Long-term liabilities, including compensated absences, notes payable, and lease purchase agreements are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(537,529)	
Energy conservation note		(80,004)	
Lease purchase agreement		<u>(15,160,000)</u>	
Total			<u>(15,777,533)</u>
Net assets of governmental activities		\$	<u>6,319,189</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Emergency Levy</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
From local sources:						
Taxes	\$ 3,131,921	\$ 1,179,035	\$ 870,413	\$ -	\$ -	\$ 5,181,369
Tuition	420,915	-	-	-	-	420,915
Earnings on investments	2,917	-	-	10,058	-	12,975
Charges for services	-	-	-	-	175,959	175,959
Extracurricular	-	-	-	-	78,512	78,512
Classroom materials and fees	-	-	-	-	9,374	9,374
Rental income	100	-	-	-	-	100
Contributions and donations	100	-	-	-	21,519	21,619
Other local revenues	57,102	-	45,014	80,091	14,113	196,320
Intergovernmental - intermediate	22,965	-	-	-	-	22,965
Intergovernmental - state	3,385,198	272,658	163,023	-	16,604	3,837,483
Intergovernmental - federal	-	-	-	-	861,173	861,173
Total revenues	<u>7,021,218</u>	<u>1,451,693</u>	<u>1,078,450</u>	<u>90,149</u>	<u>1,177,254</u>	<u>10,818,764</u>
Expenditures:						
Current:						
Instruction:						
Regular	2,581,980	1,504,677	6,535	-	214,622	4,307,814
Special	861,855	-	-	-	497,819	1,359,674
Vocational	84,806	-	-	-	3,088	87,894
Support services:						
Pupil	241,317	-	-	-	-	241,317
Instructional staff	120,499	-	-	-	14,387	134,886
Board of education	72,100	-	-	-	-	72,100
Administration	553,801	-	-	-	-	553,801
Fiscal	377,602	22,899	17,004	-	37,920	455,425
Operations and maintenance	744,174	-	-	-	-	744,174
Pupil transportation	687,498	-	194,605	-	1,372	883,475
Operation of non-instructional services:						
Food service operations	-	-	-	-	360,685	360,685
Other non-instructional services	906	-	-	-	1,036	1,942
Extracurricular activities	280,745	-	-	-	123,181	403,926
Facilities acquisition and construction	-	-	73,666	1,637,538	-	1,711,204
Debt service:						
Principal retirement	-	-	215,000	-	25,000	240,000
Interest and fiscal charges	-	-	660,469	-	5,775	666,244
Total expenditures	<u>6,607,283</u>	<u>1,527,576</u>	<u>1,167,279</u>	<u>1,637,538</u>	<u>1,284,885</u>	<u>12,224,561</u>
Excess of revenues over (under) expenditures	413,935	(75,883)	(88,829)	(1,547,389)	(107,631)	(1,405,797)
Other financing sources (uses):						
Transfers in	-	-	398,500	-	78,461	476,961
Transfers (out)	(476,961)	-	-	-	-	(476,961)
Total other financing sources (uses)	<u>(476,961)</u>	<u>-</u>	<u>398,500</u>	<u>-</u>	<u>78,461</u>	<u>-</u>
Net change in fund balances	(63,026)	(75,883)	309,671	(1,547,389)	(29,170)	(1,405,797)
Fund balances at beginning of year	<u>1,885,717</u>	<u>70,327</u>	<u>845,586</u>	<u>1,925,109</u>	<u>255,473</u>	<u>4,982,212</u>
Fund balances (deficit) at end of year	<u>\$ 1,822,691</u>	<u>\$ (5,556)</u>	<u>\$ 1,155,257</u>	<u>\$ 377,720</u>	<u>\$ 226,303</u>	<u>\$ 3,576,415</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, 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, 2010

Net change in fund balances - total governmental funds	\$	(1,405,797)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 17,513,884	
Capital asset depreciation	(783,370)	
Total	16,730,514	16,730,514
 The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, sales, trade-ins and donations) is to change net assets.		
		(14,545,748)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	41,244	
Intergovernmental grants	4,761	
Interest	(11,974)	
Total	34,031	34,031
 Repayments of notes and lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		240,000
 In the statement of activities, interest is accrued on outstanding leases and notes, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities:		
Decrease in accrued interest payable	2,721	
Amortization of discount on lease purchase agreement	(6,876)	
Amortization of lease issuance costs	(8,420)	
Total	(12,575)	(12,575)
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		66,762
Change in net assets of governmental activities	\$	1,107,187

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 3,053,567	\$ 3,131,921	\$ 3,131,921	\$ -
Tuition.	410,385	420,915	420,915	-
Earnings on investments	2,813	2,885	2,885	-
Rental income	97	100	100	-
Contributions and donations	97	100	100	-
Other local revenues	53,515	54,887	56,853	1,966
Intergovernmental - intermediate	21,925	22,488	22,488	-
Intergovernmental - state	3,485,865	3,575,312	3,575,312	-
Total revenues	<u>7,028,264</u>	<u>7,208,608</u>	<u>7,210,574</u>	<u>1,966</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,274,563	2,723,634	2,722,633	1,001
Special.	923,670	866,103	866,103	-
Vocational.	87,899	84,693	84,693	-
Other.	12,661	-	-	-
Support services:				
Pupil.	252,144	237,207	237,207	-
Instructional staff	139,312	119,423	119,423	-
Board of education	87,641	74,919	74,919	-
Administration.	587,744	571,723	571,723	-
Fiscal	411,670	385,696	385,696	-
Operations and maintenance.	707,226	793,887	793,887	-
Pupil transportation	679,291	684,541	684,541	-
Operation of non-instructional services	930	906	906	-
Extracurricular activities.	272,840	277,781	277,781	-
Total expenditures	<u>7,437,591</u>	<u>6,820,513</u>	<u>6,819,512</u>	<u>1,001</u>
Excess of revenues over (under) expenditures.	<u>(409,327)</u>	<u>388,095</u>	<u>391,062</u>	<u>2,967</u>
Other financing sources (uses):				
Transfers (out).	(82,413)	(476,961)	(476,961)	-
Advances in.	3,186	3,268	3,268	-
Sale of assets	385	395	395	-
Refund of prior year expenditures	2,766	2,837	2,837	-
Total other financing sources (uses)	<u>(76,076)</u>	<u>(470,461)</u>	<u>(470,461)</u>	<u>-</u>
Net change in fund balance	(485,403)	(82,366)	(79,399)	2,967
Fund balance at beginning of year	2,687,031	2,687,031	2,687,031	-
Prior year encumbrances appropriated	193,152	193,152	193,152	-
Fund balance at end of year	<u>\$ 2,394,780</u>	<u>\$ 2,797,817</u>	<u>\$ 2,800,784</u>	<u>\$ 2,967</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY LEVY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 1,181,678	\$ 1,179,035	\$ 1,179,035	\$ -
Intergovernmental - state	347,422	346,645	346,645	-
Total revenues	<u>1,529,100</u>	<u>1,525,680</u>	<u>1,525,680</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,376,523	1,502,781	1,502,781	-
Support services:				
Fiscal	<u>20,975</u>	<u>22,899</u>	<u>22,899</u>	<u>-</u>
Total expenditures	<u>1,397,498</u>	<u>1,525,680</u>	<u>1,525,680</u>	<u>-</u>
Net change in fund balance	131,602	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 131,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 1,456	\$ 27,585
Receivables:		
Accounts	-	20
Total assets	1,456	\$ 27,605
Liabilities:		
Due to students	-	\$ 27,605
Total liabilities	-	\$ 27,605
Net assets:		
Held in trust for scholarships	1,456	
Total net assets	\$ 1,456	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$ 864
Total additions.	864
Deductions:	
Scholarships awarded	2,500
Change in net assets.	(1,636)
Net assets at beginning of year	3,092
Net assets at end of year.	\$ 1,456

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Jackson-Milton Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education and is responsible for providing public education to residents of the District.

The District ranks as the 524th largest among the 905 public school districts and community schools in the State. Average daily membership at June 30, 2010 was 871. The District employs 67 certified employees and 46 classified employees.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System

The District is a member of the Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, jointly governed organization which provides computer services to the school districts within the boundaries of Mahoning and Columbiana Counties. Each District's superintendent serves as a representative on the Board which consists of approximately 26 school districts in Columbiana and Mahoning County, two educational service centers, 20 non-public schools and two Special Education Regional Resource Centers. However, the degree of control exercised by any participating school district is limited to its representation on the Board.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possess its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOLS

Workers' Compensation Group Rating Plan

The District participates in a Workers' Compensation Group Rating Plan (GRP) administered by Sheakley UniServe, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

Mahoning County School Employees Insurance Consortium

The Mahoning County School Employees Insurance Consortium is a shared risk pool comprised of fourteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating School District (usually the superintendent or a designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent, Springfield Local School District. The fiscal agent will then remit the charges for services to Medical Mutual of Ohio (MMO), who acts in the capacity of a third-party administrator (TPA) for claims processing.

B. Fund Accounting

The District uses funds to maintain its financial records during the 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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 the District's major governmental funds:

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

Emergency Levy fund - A special revenue fund used to account for the proceeds of a special levy. Such a levy is necessary to satisfy a district's emergency needs or to prevent school closings.

Permanent Improvement fund - A capital projects fund used to account for all transactions related to the acquisition, construction, or improvement of capital facilities.

Building fund - A capital projects fund used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds of debt must be paid into this fund, and expenditures recorded here represent the costs of acquiring capital facilities including real property.

Other governmental funds of the District are used to account for (a) food service operations; (b) the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs; and (c) grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2010 is as follows:

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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statements reflect the amounts set forth in the original and final amended official certificates of estimated resources issued for fiscal year 2010.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2010, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statements reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District has invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General fund and the Building fund. Interest revenue credited to the General fund during fiscal year 2010 amounted to \$2,917, which includes \$914 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

H. Capital Assets

Governmental capital assets are those assets generally related to governmental activities. 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 deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2010, the District maintained a capitalization threshold of \$2,500. 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. The District does not possess any infrastructure.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All reported capital assets except land 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>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. These amounts are eliminated in the governmental activities column on the Statement of Net Assets. The District has no internal balances. At June 30, 2010, there were no interfund loans receivable/payable.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 with at least ten years of service and all employees with twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. 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 and compensated absences 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 are recognized as a liability on the fund financial statements when due.

L. Fund Balance Reserves

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes represents amounts restricted for food service operations, sports complex donations, uniform school supplies and the Emergency Levy fund.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Unamortized Lease Issuance Costs/Discount

On the government-wide financial statements, lease issuance costs are deferred and amortized over the life of the lease purchase agreement using the straight line method, which approximates the effective interest method. Unamortized lease issuance costs are recorded as an asset on the financial statements.

Discounts on lease purchase agreements are deferred and accreted over the life of the lease purchase agreement. Lease discounts are presented as a reduction to the total outstanding amount of the lease.

On the governmental fund financial statements, lease issuance costs and lease discounts are recognized in the current period.

P. Estimates

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

Q. Interfund Activity

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 basic financial statements.

R. 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. Neither type of transaction occurred during fiscal year 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Major governmental funds</u>	<u>Deficit</u>
Emergency levy	\$ 5,556
 <u>Nonmajor governmental funds</u>	
Management information systems	2,222
IDEA Part-B	46,357
Education stabilization	544
Drug-free school grant	106
Improving teacher quality	10,731

These funds complied with Ohio State law, which does not permit a cash basis deficit at year end. The General fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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

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

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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At year end, the District had \$2,000 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

B. Cash with Escrow Agent

At fiscal year end, \$70,265 was on deposit with an escrow agent for retainage held as part of the District’s construction contracts. This amount is not included in the total amount of deposits reported below and is reported on the financial statements as “cash with escrow agent”.

C. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$4,735,174. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2010, \$4,575,890 of the District’s bank balance of \$4,912,477 was exposed to custodial risk as discussed below, while \$336,587 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

D. Investments

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Market Value</u>	<u>6 months or less</u>
STAR Ohio	<u>\$ 1,021</u>	<u>\$ 1,021</u>

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Market Value</u>	<u>Percent of Total</u>
STAR Ohio	\$ 1,021	100.00

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the Statement of Net Assets as of June 30, 2010:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 4,735,174
Investments	1,021
Cash with escrow agent	70,265
Cash on hand	<u>2,000</u>
Total	<u>\$ 4,808,460</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,779,419
Private-purpose trust fund	1,456
Agency funds	<u>27,585</u>
Total	<u>\$ 4,808,460</u>

NOTE 5 - INTERFUND TRANSACTIONS

Transfers for the fiscal year ended June 30, 2010, as reported in the fund financial statements:

<u>Transfers from General fund to:</u>	<u>Amount</u>
Permanent improvement fund	\$ 398,500
Nonmajor governmental funds	<u>78,461</u>
Total	<u>\$ 476,961</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 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 portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 162,867,950	94.84	\$ 167,483,950	95.03
Public utility personal	8,461,350	4.93	8,571,950	4.86
Tangible personal property	<u>386,953</u>	<u>0.23</u>	<u>194,810</u>	<u>0.11</u>
Total	<u>\$ 171,716,253</u>	<u>100.00</u>	<u>\$ 176,250,710</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$39.40		\$39.40	
Permanent improvements	6.25		6.25	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. 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. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 5,670,688
Accounts	8,685
Accrued interest	32
Intergovernmental	<u>84,277</u>
Total	<u>\$ 5,763,682</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

<u>Governmental activities:</u>	<u>Balance</u>		<u>Balance</u>
	<u>06/30/09</u>	<u>Additions</u>	<u>06/30/10</u>
		<u>Deletions</u>	
<i>Capital assets, not being depreciated:</i>			
Land	\$ 465,231	\$ -	\$ (118,400)
Construction-in-progress	14,503,156	1,679,963	(16,183,119)
<i>Total capital assets, not being depreciated</i>	<u>14,968,387</u>	<u>1,679,963</u>	<u>(16,301,519)</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	407,395	1,139,422	-
Buildings and improvements	3,417,512	14,648,161	(159,104)
Equipment and furniture	1,220,616	46,338	(18,095)
Vehicles	894,838	-	(66,144)
<i>Total capital assets, being depreciated</i>	<u>5,940,361</u>	<u>15,833,921</u>	<u>(243,343)</u>
<i>Less: accumulated depreciation:</i>			
Land improvements	(287,252)	(200,136)	21,331
Buildings and improvements	(3,010,441)	(448,275)	1,054,118
Equipment and furniture	(1,186,930)	(92,037)	783,076
Vehicles	(650,254)	(42,922)	140,589
<i>Total accumulated depreciation</i>	<u>(5,134,877)</u>	<u>(783,370)</u>	<u>1,999,114</u>
Total capital assets, net	<u>\$ 15,773,871</u>	<u>\$ 16,730,514</u>	<u>\$(14,545,748)</u>

Depreciation expense was charged to the governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 617,252
Vocational	612
<u>Support services:</u>	
Instructional staff	600
Administration	250
Operations and maintenance	78,425
Pupil transportation	42,922
Extracurricular activities	23,541
Food service operations	<u>19,768</u>
Total depreciation expense	<u>\$ 783,370</u>

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 9 - LONG-TERM OBLIGATIONS

- A. On November 8, 2006, pursuant to the Ohio Revised Code Section 3313.375, the District entered into a lease purchase agreement in the form of certificates of participation with the PS&W Holding Company, Inc. (the "Leasing Corporation") for the construction of a new high school and a new middle school. The lease is an annual lease subject to renewal for thirty years through September 1, 2036. The certificates bear interest rates ranging from 4.00% to 4.50%.

The Leasing Corporation entered into an agreement with a trustee through which it assigned and transferred the rights and interest under the lease to Huntington National Bank as Trustee (the "Trustee"). The Trustee issued the certificates of participation of the lease agreement enabling holders of the certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance will be used to construct a new high school and a new middle school. Terms of the trust indenture require the Trustee to create the Jackson-Milton Local School District Facilities Certificate Fund to account for the proceeds of the sale of the certificates of participation. The Facilities Certificate Fund consists of a lease payment account and is utilized by the Trustee for capitalized interest and/or accrued interest on the certificates of participation paid by the original purchaser.

The obligation of the District under the lease and any subsequent lease renewal is subject to annual appropriation of the rental payments. Legal title to the facilities remains with the Trustee until all payments required under the lease have been made. At that time, title will transfer to the District.

The liability for the Certificates is recorded in the governmental activities long-term obligations with the annual principal and interest requirements payable from resources from the permanent improvements capital projects fund. The certificates of participation are not a general obligation of the District but are payable only from appropriations by the District for annual lease payments.

The following are the District's future annual debt service requirements to amortize the Certificates outstanding at June 30, 2010:

Fiscal Year	Certificates Of Participation		
	Principal	Interest	Total
2011	\$ 235,000	\$ 651,469	\$ 886,469
2012	250,000	641,769	891,769
2013	260,000	631,569	891,569
2014	295,000	620,469	915,469
2015	330,000	607,969	937,969
2016 - 2020	1,945,000	2,822,344	4,767,344
2021 - 2025	2,640,000	2,351,484	4,991,484
2026 - 2030	3,260,000	1,713,625	4,973,625
2031 - 2035	4,055,000	897,638	4,952,638
2036 - 2037	1,890,000	85,950	1,975,950
Total	<u>\$ 15,160,000</u>	<u>\$ 11,024,286</u>	<u>\$ 26,184,286</u>

- B. The District has a long-term debt obligation outstanding at June 30, 2010 for energy conservation notes. The energy conservation notes were issued pursuant to Section 3313.372 of the Ohio Revised Code in anticipation of energy cost savings to be realized from energy conservation projects under House Bill 264. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service fund (a nonmajor governmental fund).

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a description of the District's energy conservation notes outstanding as of June 30, 2010:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding 06/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 06/30/10</u>	<u>Amount Due in One Year</u>
Energy conservation notes	06/01/98	06/01/13	5.50%	\$ 105,004	\$ -	\$ (25,000)	\$ 80,004	\$ 25,000
Total				<u>\$ 105,004</u>	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ 80,004</u>	<u>\$ 25,000</u>

The following are the District's future annual debt service requirements to amortize the energy conservation notes outstanding at June 30, 2010:

<u>Fiscal Year</u>	<u>Energy Conservation Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 25,000	\$ 4,400	\$ 29,400
2012	25,000	3,025	28,025
2013	<u>30,004</u>	<u>1,650</u>	<u>31,654</u>
Total	<u>\$ 80,004</u>	<u>\$ 9,075</u>	<u>\$ 89,079</u>

C. During fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	<u>Balance 6/30/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/10</u>	<u>Amount Due in One Year</u>
<u>Governmental activities:</u>					
Energy conservation notes	\$ 105,004	\$ -	\$ (25,000)	\$ 80,004	\$ 25,000
Lease purchase agreement	15,375,000	-	(215,000)	15,160,000	235,000
Compensated absences	<u>684,836</u>	<u>54,428</u>	<u>(159,542)</u>	<u>579,722</u>	<u>111,316</u>
Total governmental activities	<u>\$ 16,164,840</u>	<u>\$ 54,428</u>	<u>\$ (399,542)</u>	<u>15,819,726</u>	<u>\$ 371,316</u>
Less: Unamortized discount on lease purchase agreement				<u>(179,923)</u>	
Total on statement of net assets				<u>\$ 15,639,803</u>	

Compensated absences are paid out of the fund from which the employee is paid, which for the District is primarily the General fund.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margins

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at June 30, 2010, are a legal voted debt margin of \$15,845,031 and a legal unvoted debt margin of 176,056.

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment, and instruments. The comprehensive commercial insurance coverage limits are \$27,276,808 and a deductible of \$1,000. The business auto coverage limits are \$1,000,000 for liability and uninsured motorists.

The District has a liability insurance coverage limit of \$1,000,000 per claim and \$3,000,000 annual aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Mahoning County School Employees Insurance Consortium

The District has joined together with other school districts in Mahoning County to form the Mahoning County School Employees Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 14 member school districts. The plan was organized to provide life insurance, health care, and other benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claims payments are made for all participating districts and claims flow. The District is responsible for paying health plan claims up to \$135,000 per individual per year. Any claims exceeding the \$135,000 is covered by the District's stop-loss carrier.

The District pays the insurance premiums for the classified employees. The District pays the health insurance premiums for the certified employees, except for \$10 per month for single coverage and \$25 per month for family coverage, which is paid by the employees.

The health and dental coverage is administered by Medical Mutual of Ohio, a third party administrator. National Insurance Services provides the life insurance coverage.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 10 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The District participates in the Better Business Bureau Compensation Group Rating Plan (the "Plan"). The Plan will seek, through Sheakley and the Better Business Bureau, to improve safety, accident prevention and claims handling for the District; and the District agrees to participate in and cooperate with such programs as a condition of continued participation. The District agrees to comply with all current and future BWC Rules and Regulations related to safety training and accident prevention requirements. It is also required that the District attends regionally held safety/claims management seminars on an annual basis if the District has a claim in the green year (2010) or the prior year (2009).

The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the District pays an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$145,993, \$98,933 and \$100,095, respectively; 45.15 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 11 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The 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.

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 fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$456,466, \$448,455 and \$472,687, respectively; 84.42 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

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 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$26,634, \$67,251 and \$66,030, respectively; 45.15 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$8,682, \$8,163 and \$7,212, respectively; 45.15 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$35,113, \$34,497 and \$36,361, respectively; 84.42 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General fund and Emergency Levy 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General and Emergency Levy funds are as follows:

Net Change in Fund Balance

	<u>General Fund</u>	<u>Emergency Levy Fund</u>
Budget basis	\$ (79,399)	\$ -
Net adjustment for revenue accruals	(189,356)	(73,987)
Net adjustment for expenditure accruals	170,456	(1,896)
Net adjustment for other financing sources/uses	(6,500)	-
Adjustment for encumbrances	<u>41,773</u>	<u>-</u>
GAAP basis	<u>\$ (63,026)</u>	<u>\$ (75,883)</u>

NOTE 14 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 15 - STATUTORY RESERVES

The District is required by State law to set aside certain General fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010 the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>
Set-aside balance as of June 30, 2009	\$ (254,259)	\$ -
Current year set-aside requirement	139,344	139,344
Current year qualifying expenditures	<u>(239,977)</u>	<u>(1,217,200)</u>
Total	<u>\$ (354,892)</u>	<u>\$ (1,077,856)</u>
Balance carried forward to fiscal year 2011	<u>\$ (354,892)</u>	<u>\$ -</u>

The District had qualifying expenditures during the year that reduced the Instructional Materials set-aside amount below zero. This negative amount may be used to offset set-aside requirements of future years and, therefore, is presented as being carried forward to fiscal year 2011.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the Capital Maintenance reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 16 - CONTRACTUAL COMMITMENTS

The District has entered into various contracts for the construction of a new middle/high school. A summary of these contracts and the contractual commitments as of June 30, 2010 is as follows:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Contract Balance</u>
Architectural Vision Group, Ltd.	\$ 828,817	\$ (820,159)	\$ 8,658
Crowe Enterprises	2,512,218	(2,502,218)	10,000
Hively Construction	5,065,804	(5,021,007)	44,797
S.A. Comunale	<u>2,175,547</u>	<u>(2,104,848)</u>	<u>70,699</u>
Total	<u>\$ 10,582,386</u>	<u>\$ (10,448,232)</u>	<u>\$ 134,154</u>

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**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
<i>Non-Cash Assistance (Food Distribution):</i>						
National School Lunch Program		10.555		\$ 14,118		\$ 14,118
<i>Cash Assistance:</i>						
School Breakfast Program	05-PU	10.553	\$45,995	-	\$45,995	-
National School Lunch Program	03-PU, 04-PU	10.555	144,136		144,136	
Total Department of Agriculture - Nutrition Cluster			<u>190,131</u>	<u>14,118</u>	<u>190,131</u>	<u>14,118</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
<i>Title 1 Cluster:</i>						
Title I Grants to Local Educational Agencies	C1-S1	84.010	151,300	-	165,027	-
ARRA - Title I Grants to Local Educational Agencies		84.389	<u>25,883</u>	-	<u>20,283</u>	-
Total Title 1 Cluster			177,183		185,310	
<i>Special Education Cluster:</i>						
Special Education Grants to States	6B-SF	84.027	163,703	-	162,008	-
ARRA - Special Education Grants to States		84.391	<u>131,658</u>	-	<u>131,623</u>	-
Total Special Education Cluster			295,361		293,631	
ARRA - State Fiscal Stabilization Fund		84.394	156,154	-	156,154	-
Safe and Drug Free Schools and Communities - State Grants	DR-S1	84.186	2,642	-	2,875	-
Education Technology State Grants	TJ-S1	84.318	1,314	-	1,314	-
Improving Teacher Quality State Grants	TR-S1	84.367	<u>45,311</u>	-	<u>45,298</u>	-
Total Department of Education			<u>677,965</u>	<u>-</u>	<u>684,582</u>	<u>-</u>
Totals			<u>\$868,096</u>	<u>\$14,118</u>	<u>\$874,713</u>	<u>\$14,118</u>

The accompanying notes are an integral part of this schedule.

**JACKSON MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipt and Expenditure Schedule (the "Schedule") reports Jackson Milton Local School District's (the "School'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 commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

NOTE C - FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Jackson Milton Local School District
Mahoning County
13910 Mahoning Avenue
North Jackson, Ohio 44451

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Milton Local School District, Mahoning County, (the "District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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 management, the audit committee, the Board of Education and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

April 22, 2011



Dave Yost • Auditor of State

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

Jackson Milton Local School District
Mahoning County
13910 Mahoning Avenue
North Jackson, Ohio 44451

To the Board of Education:

Compliance

We have audited the compliance of Jackson Milton Local School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Jackson Milton Local School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The 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 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 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 District's compliance with those requirements.

In our opinion, the Jackson Milton Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated April 22, 2011.

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



Dave Yost
Auditor of State

April 22, 2011

**JACKSON MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster – CFDA #84.027 and CFDA #84.391 (ARRA) ARRA - State Fiscal Stabilization Fund – CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

JACKSON MILTON LOCAL SCHOOL DISTRICT

MAHONING 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
JUNE 14, 2011