



Dave Yost • Auditor of State

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) – Classroom Facilities Maintenance Fund	19
Statement of Fund Net Assets - Internal Service Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Fund.....	21
Statement of Cash Flows - Internal Service Fund	22
Statement of Fiduciary Assets and Liabilities - Agency Funds.....	23
Notes to the Basic Financial Statements	25
Federal Awards Receipts and Expenditures Schedule.....	53
Notes to the Federal Awards Receipts and Expenditures Schedule	54
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	57
Schedule of Findings - OMB Circular A-133 § .505.....	59

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Maysville Local School District
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43702

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General and Classroom Facilities Maintenance Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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 School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures 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 also not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures 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.

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

Dave Yost
Auditor of State

February 16, 2011

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

Financial Highlights

Key financial highlights for the fiscal year 2010 are as follows:

- Net assets of governmental activities decreased \$1,286,301.
- General revenues accounted for \$15,361,044 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$6,611,597, 30 percent of total revenues of \$21,972,641.
- Total assets of governmental activities decreased \$1,515,558. The majority of this decrease was due to a decrease in cash and cash equivalents in the amount of \$727,106, a decrease in capital assets in the amount of \$704,497, and a decrease in property taxes receivable in the amount of \$96,920.
- The School District had \$23,258,942 in expenses related to governmental activities; only \$6,611,597 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$15,361,044 were not adequate to provide for these programs.
- The School District has three major funds: the General Fund, the Classroom Facilities Maintenance Special Revenue Fund, and the Permanent Improvement Capital Projects Fund. The General Fund had \$17,109,876 in revenues, \$17,242,760 in expenditures, and (\$299,000) in other financing sources and uses. The General Fund's balance decreased \$431,884. The Classroom Facilities Maintenance Special Revenue Fund had \$139,189 in revenues and \$288,284 in expenditures. The Classroom Facilities Maintenance's Fund Balance decreased \$149,095. The Permanent Improvement Capital Projects Fund had \$222,808 in revenues, \$417,911 in expenditures, and \$300,000 in other financing sources. The Permanent Improvement's fund balance increased \$104,897.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

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

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

Fiduciary Funds Fiduciary funds focus on net assets and changes in net assets.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1 - Net Assets

	<u>Governmental Activities</u>		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Assets			
Current and Other Assets	\$11,555,856	\$12,366,917	(\$811,061)
Capital Assets	34,222,590	34,927,087	(704,497)
Total Assets	<u>45,778,446</u>	<u>47,294,004</u>	<u>(1,515,558)</u>
Liabilities			
Long-Term Liabilities	5,934,363	6,316,318	(381,955)
Other Liabilities	7,161,577	7,008,879	152,698
Total Liabilities	<u>13,095,940</u>	<u>13,325,197</u>	<u>(229,257)</u>
Net Assets			
Invested in Capital Assets, Net of Debt	29,423,211	29,775,780	(352,569)
Restricted	1,453,364	1,643,872	(190,508)
Unrestricted	1,805,931	2,549,155	(743,224)
Total Net Assets	<u>\$32,682,506</u>	<u>\$33,968,807</u>	<u>(\$1,286,301)</u>

Total assets decreased \$1,515,558. Current and other assets decreased \$811,061 which was due mainly to a decrease in cash and cash equivalents in the amount of \$727,106 and a decrease in property taxes receivable in the amount of \$96,920. A cash decrease in the amount of \$302,089 in the Self Insurance Fund was due to an increase in medical claims during fiscal year 2010. In addition, the General Fund cash balance decreased \$128,572, the Classroom Facilities Maintenance Special Revenue Fund decreased \$145,655, and the Permanent Improvement Capital Projects Fund decreased \$96,453. The decrease in property taxes receivable was due to a decrease in the amounts certified to be collected by the County Auditor. These decreases were offset by an increase of \$46,530 in the amount due from Foxfire High School for fiscal year 2010 services. The \$704,497 decrease in capital assets was due to the current year depreciation exceeding additions.

Total liabilities decreased \$229,257. Long-term liabilities decreased \$381,955 primarily due to the payment of \$175,000 on the School Facilities Improvement General Obligation Serial Bonds and principal payments in the amount of \$176,303 for the athletic complex and copiers capital leases. Contracts payable decreased \$247,627 due mainly to a contract being paid in fiscal year 2010 and no contracts payable being recorded as of June 30, 2010. This decrease is offset by increases in intergovernmental payable, accrued wages and benefits payable and deferred revenue. The increase in intergovernmental payable is a direct result of the change associated with the School Employees Retirement System accrual being recorded on a current basis instead of being six months in arrears as in prior fiscal years. Accrued wages and benefits payable increased \$115,055 due to a two and three-quarter percent base increase combined with step increases ranging from two to four percent. The increase in deferred revenue is due to the increase in taxes receivable and due to the County Auditors certifying larger amounts available as advances as of fiscal year end 2009 as compared to amounts certified for fiscal year 2010.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010 and comparisons to fiscal year 2009.

Table 2 - Changes in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues			
Charges for Services	\$3,504,915	\$3,033,677	\$471,238
Operating Grants, Contributions and Interest	3,105,982	3,103,009	2,973
Capital Grants and Contributions	700	67,130	(66,430)
	<u>6,611,597</u>	<u>6,203,816</u>	<u>407,781</u>
General Revenue			
Property Taxes	2,989,599	3,616,730	(627,131)
Payment in Lieu of Taxes	2,862	0	2,862
Grants and Entitlements	12,056,613	11,169,683	886,930
Investment Earnings	212,606	246,698	(34,092)
Gain on Sale of Capital Assets	1,000	0	1,000
Miscellaneous	98,364	17,937	80,427
	<u>15,361,044</u>	<u>15,051,048</u>	<u>309,996</u>
Total Revenues	<u>21,972,641</u>	<u>21,254,864</u>	<u>717,777</u>
Program Expenses			
Instruction			
Regular	10,267,249	9,683,938	583,311
Special	2,216,484	2,317,089	(100,605)
Vocational	37,510	137,598	(100,088)
Intervention	225,909	373,009	(147,100)
Support Services			
Pupils	932,826	721,943	210,883
Instructional Staff	1,833,532	1,657,615	175,917
Board of Education	26,969	63,576	(36,607)
Administration	2,004,551	2,087,129	(82,578)
Fiscal	388,645	431,111	(42,466)
Operation and Maintenance of Plant	2,196,627	2,176,117	20,510
Pupil Transportation	960,769	963,811	(3,042)
Central	84,912	38,723	46,189
Operation of Non-Instructional Services			
Food Service Operations	1,038,830	1,043,300	(4,470)
Other	20,742	17,988	2,754
Extracurricular Activities	773,828	670,733	103,095
Interest and Fiscal Charges	249,559	220,695	28,864
Total Expenses	<u>23,258,942</u>	<u>22,604,375</u>	<u>654,567</u>
<i>Change in Net Assets</i>	<u>(1,286,301)</u>	<u>(1,349,511)</u>	<u>63,210</u>
Net Assets Beginning of Year	<u>33,968,807</u>	<u>35,318,318</u>	<u>(1,349,511)</u>
Net Assets End of Year	<u>\$32,682,506</u>	<u>\$33,968,807</u>	<u>(\$1,286,301)</u>

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. Only 30 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 70 percent is provided through taxes and entitlements.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Net assets decreased by \$1,286,301 in fiscal year 2010. Revenues reflect an increase of \$717,777 due in part to an increase in administrative services provided to Foxfire High School which increased the charges for services. In addition, grants and entitlements increased in the amount of \$886,930 as a result of the stimulus grants being received. These increases were offset by a decrease in property taxes in the amount of \$627,131. Program expenses increased \$654,567 due mainly to a \$288,806 increase in total support services, an increase of \$235,518 in total instructional services, and an increase of \$103,095 in extracurricular activities.

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

Table 3 - Governmental Activities

	2010 Total Cost of Services	2010 Net Cost of Services	2009 Total Cost of Services	2009 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$10,267,249	\$7,697,230	\$9,683,938	\$7,498,519
Special	2,216,484	1,094,572	2,317,089	797,436
Vocational	37,510	3,881	137,598	104,219
Intervention	225,909	219,050	373,009	330,157
Support Services:				
Pupils	932,826	672,458	721,943	611,313
Instructional Staff	1,833,532	1,270,887	1,657,615	1,319,978
Board of Education	26,969	26,969	63,576	63,576
Administration	2,004,551	1,875,245	2,087,129	2,074,898
Fiscal	388,645	341,381	431,111	389,695
Operation and Maintenance of Plant	2,196,627	1,504,680	2,176,117	1,519,259
Pupil Transportation	960,769	933,238	963,811	872,479
Central	84,912	53,225	38,723	32,420
Operation of Non-Instructional Services				
Food Service Operations	1,038,830	147,356	1,043,300	115,020
Other	20,742	9,363	17,988	(6,602)
Extracurricular Activities	773,828	548,251	670,733	457,497
Interest and Fiscal Charges	249,559	249,559	220,695	220,695
Totals	<u>\$23,258,942</u>	<u>\$16,647,345</u>	<u>\$22,604,375</u>	<u>\$16,400,559</u>

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

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The General Fund had \$17,109,876 in revenues, \$17,242,760 in expenditures, and (\$299,000) in other financing sources and uses. The General Fund's balance decreased \$431,884. The Classroom Facilities Maintenance Special Revenue Fund had \$139,189 in revenues and \$288,284 in expenditures. The Classroom Facilities Maintenance's balance decreased \$149,095. The Permanent Improvement Capital Projects Fund had \$222,808 in revenues, \$417,911 in expenditures, and \$300,000 in other financing sources. The Permanent Improvement's fund balance increased \$104,897.

General Fund Budgetary Highlights

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

During the course of fiscal 2010, the School District amended its General Fund budget, but not significantly. The School District closely monitors its resources and uses and if necessary, modifies the budgetary documents on a timely basis.

Budget basis revenue was \$17,277,404 compared to final estimates of \$17,381,466. Of this \$104,062 difference, the majority was due to the School District's conservative estimate for open enrollment.

The School District's ending General Fund budgetary balance was \$2,700,167.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the School District had \$34,222,590 invested in land, buildings, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2010 balances compared to 2009.

Table 4 - Capital Assets at June 30, 2010
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$756,108	\$756,108
Construction in Progress	37,476	70,869
Land Improvements	3,251,878	3,180,515
Buildings and Improvements	28,639,524	29,556,563
Furniture and Equipment	1,196,518	1,146,872
Vehicles	341,086	216,160
Totals	<u>\$34,222,590</u>	<u>\$34,927,087</u>

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

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Debt

At June 30, 2010, the School District had \$4,824,265 in general obligation bonds and capital leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2010	Governmental Activities 2009
School Facilities Improvement		
General Obligation Bonds		
Serial Bonds - 2000 - 3.80% - 6.35%	\$950,000	\$1,125,000
School Improvement Refunding		
General Obligation Bonds		
Serial Bonds - 2007 - 4.0%	590,000	590,000
Term Bonds - 2007 - 5.25%	1,580,000	1,580,000
Bond Premium	131,200	142,134
Deferred Amount on Refunding	(98,814)	(107,049)
Capital Leases	1,671,879	1,848,182
Totals	\$4,824,265	\$5,178,267

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

Economic Factors

Based on the most recent Board-adopted five year forecast, Maysville Local School District is projecting deficit spending beginning in fiscal year 2013 as well as deficit cash balances at the end of fiscal year 2015. The Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis W. Sidwell, Treasurer at Maysville Local School District, P.O. Box 1818, Zanesville, Ohio 43702. You may also E-mail the treasurer at lsidwell@laca.org.

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Maysville Local School District, Ohio

Statement of Net Assets

June 30, 2010

	Primary Government	Component Unit
	Governmental Activities	Foxfire High School
Assets		
Equity in Pooled Cash and Cash Equivalents	\$7,051,305	\$534,695
Cash and Cash Equivalents in Segregated Accounts	2,055	0
Accounts Receivable	42,787	1,032
Intergovernmental Receivable	239,343	593
Accrued Interest Receivable	40,087	0
Prepaid Items	3,468	0
Inventory Held for Resale	5,802	0
Materials and Supplies Inventory	6,377	0
Property Taxes Receivable	3,931,342	0
Payment in Lieu of Taxes Receivable	2,862	0
Due from Component Unit	205,542	0
Deferred Charges	24,886	0
Nondepreciable Capital Assets	793,584	0
Depreciable Capital Assets, Net	33,429,006	19,765
<i>Total Assets</i>	<u>45,778,446</u>	<u>556,085</u>
Liabilities		
Accounts Payable	124,526	17,581
Due to Primary Government	0	205,542
Accrued Wages and Benefits Payable	2,547,193	0
Retainage Payable	6,138	0
Matured Compensated Absences Payable	10,474	0
Matured Retirement Incentive Payable	27,000	0
Accrued Interest Payable	20,716	0
Retirement Incentive Payable	10,000	0
Vacation Benefits Payable	97,586	0
Intergovernmental Payable	757,320	120
Deferred Revenue	3,258,624	22,741
Claims Payable	302,000	0
Long-Term Liabilities:		
Due Within One Year	493,688	0
Due In More Than One Year	5,440,675	0
<i>Total Liabilities</i>	<u>13,095,940</u>	<u>245,984</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	29,423,211	19,765
Restricted for:		
Debt Service	418,278	0
Classroom Facilities Maintenance	984,220	0
Other Purposes	50,866	0
Unrestricted	1,805,931	290,336
<i>Total Net Assets</i>	<u>\$32,682,506</u>	<u>\$310,101</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Activities

For the fiscal year ended June 30, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
Governmental Activities				
Instruction:				
Regular	\$10,267,249	\$2,319,734	\$250,285	\$0
Special	2,216,484	0	1,121,912	0
Vocational	37,510	0	33,629	0
Intervention	225,909	0	6,859	0
Support Services:				
Pupils	932,826	0	260,368	0
Instructional Staff	1,833,532	25,950	536,695	0
Board of Education	26,969	0	0	0
Administration	2,004,551	0	129,306	0
Fiscal	388,645	0	47,264	0
Operation and Maintenance of Plant	2,196,627	607,545	83,702	700
Pupil Transportation	960,769	848	26,683	0
Central	84,912	0	31,687	0
Operation of Non-Instructional Services:				
Food Service Operations	1,038,830	323,000	568,474	0
Other	20,742	7,544	3,835	0
Extracurricular Activities	773,828	220,294	5,283	0
Interest and Fiscal Charges	249,559	0	0	0
<i>Total Primary Government</i>	<u>\$23,258,942</u>	<u>\$3,504,915</u>	<u>\$3,105,982</u>	<u>\$700</u>
Component Unit				
Foxfire High School	<u>\$2,190,573</u>	<u>\$27,244</u>	<u>\$514,675</u>	<u>\$0</u>

General Revenues

- Property Taxes Levied for:
 - General Purposes
 - Debt Service
 - Classroom Facilities Maintenance
- Payments in Lieu of Taxes
- Grants and Entitlements not Restricted to Specific Programs
- Investment Earnings
- Gain from Sale of Capital Asset
- Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Unit
(\$7,697,230)	\$0
(1,094,572)	0
(3,881)	0
(219,050)	0
(672,458)	0
(1,270,887)	0
(26,969)	0
(1,875,245)	0
(341,381)	0
(1,504,680)	0
(933,238)	0
(53,225)	0
(147,356)	0
(9,363)	0
(548,251)	0
(249,559)	0
(16,647,345)	0
0	(1,648,654)
2,654,423	0
281,560	0
53,616	0
2,862	0
12,056,613	1,812,917
212,606	4,583
1,000	0
98,364	19,287
15,361,044	1,836,787
(1,286,301)	188,133
33,968,807	121,968
\$32,682,506	\$310,101

Maysville Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2010

	General	Classroom Facilities Maintenance	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,758,920	\$968,305	\$1,966,101	\$670,225	\$6,363,551
Cash and Cash Equivalents in Segregated Accounts	0	0	0	2,055	2,055
Accounts Receivable	37,345	0	0	2,586	39,931
Interfund Receivable	17,097	0	1,323	48,301	66,721
Due from Component Unit	205,542	0	0	0	205,542
Intergovernmental Receivable	41,184	0	0	198,159	239,343
Accrued Interest Receivable	0	9,272	30,815	0	40,087
Prepaid Items	3,468	0	0	0	3,468
Inventory Held for Resale	0	0	0	5,802	5,802
Materials and Supplies Inventory	5,523	0	0	854	6,377
Property Taxes Receivable	3,499,652	70,304	0	361,386	3,931,342
Payment in Lieu of Taxes Receivable	2,527	57	0	278	2,862
<i>Total Assets</i>	<u>\$6,571,258</u>	<u>\$1,047,938</u>	<u>\$1,998,239</u>	<u>\$1,289,646</u>	<u>\$10,907,081</u>
Liabilities					
Accounts Payable	\$47,003	\$0	\$63,420	\$14,103	\$124,526
Accrued Wages and Benefits	2,043,030	0	0	307,302	2,350,332
Matured Compensated Absences Payable	6,437	0	0	4,037	10,474
Matured Retirement Incentive Payable	27,000	0	0	0	27,000
Retainage Payable	0	6,138	0	0	6,138
Interfund Payable	49,624	0	0	17,097	66,721
Deferred Revenue	3,514,590	79,345	28,914	373,214	3,996,063
Intergovernmental Payable	663,362	0	0	93,958	757,320
<i>Total Liabilities</i>	<u>6,351,046</u>	<u>85,483</u>	<u>92,334</u>	<u>809,711</u>	<u>7,338,574</u>
Fund Balances					
Reserved for Encumbrances	42,815	25,726	44,639	4,243	117,423
Reserved for Property Taxes	14,335	288	0	1,536	16,159
Unreserved:					
Undesignated, Reported in:					
General Fund	163,062	0	0	0	163,062
Special Revenue Funds	0	936,441	0	98,923	1,035,364
Debt Service Fund	0	0	0	375,233	375,233
Capital Projects Funds	0	0	1,861,266	0	1,861,266
Total Fund Balances	<u>220,212</u>	<u>962,455</u>	<u>1,905,905</u>	<u>479,935</u>	<u>3,568,507</u>
Total Liabilities and Fund Balances	<u>\$6,571,258</u>	<u>\$1,047,938</u>	<u>\$1,998,239</u>	<u>\$1,289,646</u>	<u>\$10,907,081</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2010*

Total Governmental Fund Balances \$3,568,507

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 34,222,590

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

Property Taxes Receivable	656,559	
Accrued Interest Receivable	38,186	
Payment in Lieu of Taxes Receivable	2,862	
Grants Receivable	13,086	
Student Fees	<u>26,746</u>	737,439

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 191,749

Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds. (20,716)

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

Vacation Benefits Payable	(97,586)	
Retirement Incentive Payable	<u>(10,000)</u>	(107,586)

Unamortized issuance costs are reported as deferred charges on the Statement of Net Assets but as an expenditure on the fund financial statements which do not provide current financial resources and, therefore, are not reported in the funds. 24,886

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

General Obligation Bonds Payable	(950,000)	
Refunding General Obligation Bonds Payable	(2,170,000)	
Premium on Refunding Bonds	(131,200)	
Deferred Amount on Refunding	98,814	
Capital Leases Payable	(1,671,879)	
Sick Leave Benefits Payable	<u>(1,110,098)</u>	<u>(5,934,363)</u>

Net Assets of Governmental Activities \$32,682,506

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Classroom Facilities Maintenance	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,802,013	\$55,052	\$0	\$289,021	\$3,146,086
Payment in Lieu of Taxes	2,529	57	0	278	2,864
Intergovernmental	11,435,615	84,008	0	3,713,853	15,233,476
Interest	0	72	222,108	1,020	223,200
Tuition and Fees	2,163,018	0	0	188,618	2,351,636
Extracurricular Activities	0	0	0	220,294	220,294
Rent	10,645	0	0	0	10,645
Charges for Services	596,900	0	0	323,000	919,900
Contributions and Donations	792	0	700	14,558	16,050
Miscellaneous	98,364	0	0	0	98,364
<i>Total Revenues</i>	<u>17,109,876</u>	<u>139,189</u>	<u>222,808</u>	<u>4,750,642</u>	<u>22,222,515</u>
Expenditures					
Current:					
Instruction:					
Regular	9,065,266	0	67,167	632,484	9,764,917
Special	1,008,214	0	0	1,097,420	2,105,634
Vocational	67,204	0	0	0	67,204
Intervention	224,748	0	0	0	224,748
Support Services:					
Pupils	628,455	0	0	265,625	894,080
Instructional Staff	1,082,252	0	0	557,907	1,640,159
Board of Education	26,969	0	0	0	26,969
Administration	1,639,524	0	0	271,156	1,910,680
Fiscal	386,664	0	0	7,324	393,988
Operation and Maintenance of Plant	1,590,076	288,284	21,151	398,489	2,298,000
Pupil Transportation	1,053,445	0	0	21,578	1,075,023
Central	35,877	0	0	37,372	73,249
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	905,196	905,196
Other Non-Instructional Services	0	0	0	20,742	20,742
Extracurricular Activities	353,546	0	12,108	225,733	591,387
Capital Outlay	34,464	0	106,373	0	140,837
Debt Service:					
Principal Retirement	38,212	0	138,091	175,000	351,303
Interest and Fiscal Charges	7,844	0	73,021	171,250	252,115
<i>Total Expenditures</i>	<u>17,242,760</u>	<u>288,284</u>	<u>417,911</u>	<u>4,787,276</u>	<u>22,736,231</u>
<i>Excess of Revenues Under Expenditures:</i>	<u>(132,884)</u>	<u>(149,095)</u>	<u>(195,103)</u>	<u>(36,634)</u>	<u>(513,716)</u>
Other Financing Sources and Uses					
Proceeds from Sale of Capital Assets	1,000	0	0	0	1,000
Transfers In	0	0	300,000	0	300,000
Transfers Out	(300,000)	0	0	0	(300,000)
<i>Total Other Financing Sources and Uses</i>	<u>(299,000)</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>1,000</u>
<i>Net Change in Fund Balances</i>	<u>(431,884)</u>	<u>(149,095)</u>	<u>104,897</u>	<u>(36,634)</u>	<u>(512,716)</u>
<i>Fund Balances Beginning of Year</i>	<u>652,096</u>	<u>1,111,550</u>	<u>1,801,008</u>	<u>516,569</u>	<u>4,081,223</u>
<i>Fund Balances End of Year</i>	<u>\$220,212</u>	<u>\$962,455</u>	<u>\$1,905,905</u>	<u>\$479,935</u>	<u>\$3,568,507</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds (\$512,716)

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

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

Capital Asset Additions	623,760	
Depreciation Expense	(1,328,257)	(704,497)

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

Interest	(9,576)	
Student Fees	2,440	
Intergovernmental	(87,249)	
Delinquent Taxes	(156,487)	
Payment in Lieu of Taxes	(2)	(250,874)

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

351,303

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

1,931

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

Vacation Benefits Payable	(122)	
Sick Leave Benefits Payable	27,953	27,831

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

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

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

(8,235)

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

(199,904)

Change in Net Assets of Governmental Activities

(\$1,286,301)

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,840,000	\$2,887,471	\$2,894,504	\$7,033
Payment in Lieu of Taxes	0	2,529	2,529	0
Intergovernmental	12,275,760	11,670,561	11,525,593	(144,968)
Tuition and Fees	2,093,000	2,236,500	2,162,578	(73,922)
Rent	0	0	10,645	10,645
Charges for Services	550,000	556,750	596,900	40,150
Contributions and Donations	0	640	792	152
Miscellaneous	50,000	27,015	83,863	56,848
<i>Total Revenues</i>	17,808,760	17,381,466	17,277,404	(104,062)
Expenditures				
Current:				
Instruction:				
Regular	7,119,501	7,370,901	8,192,923	(822,022)
Special	1,487,868	1,447,868	1,085,411	362,457
Vocational	35,100	45,100	67,360	(22,260)
Student Intervention Services	306,000	306,000	195,530	110,470
Other	835,257	825,257	902,789	(77,532)
Support Services:				
Pupils	574,292	477,692	598,367	(120,675)
Instructional Staff	1,024,018	1,065,618	1,090,209	(24,591)
Board of Education	33,208	33,208	27,499	5,709
Administration	1,919,592	1,977,592	1,616,481	361,111
Fiscal	400,000	392,000	401,369	(9,369)
Operation and Maintenance of Plant	1,970,833	1,771,108	1,600,361	170,747
Pupil Transportation	1,102,506	1,125,506	1,032,771	92,735
Central	28,050	40,050	36,928	3,122
Extracurricular Activities	351,000	353,000	343,834	9,166
Capital Outlay	0	40,478	40,359	119
<i>Total Expenditures</i>	17,187,225	17,271,378	17,232,191	39,187
<i>Excess of Revenues Over Expenditures</i>	621,535	110,088	45,213	(64,875)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,000	1,000	1,000	0
Insurance Recoveries	26,558	26,558	26,558	0
Transfers Out	(620,000)	(460,000)	(300,000)	160,000
Advances In	11,705	11,705	11,705	0
Advances Out	0	0	(15,554)	(15,554)
<i>Total Other Financing Sources (Uses)</i>	(580,737)	(420,737)	(276,291)	144,446
<i>Net Change in Fund Balance</i>	40,798	(310,649)	(231,078)	79,571
<i>Fund Balance Beginning of Year</i>	2,824,020	2,824,020	2,824,020	0
<i>Prior Year Encumbrances Appropriated</i>	107,225	107,225	107,225	0
<i>Fund Balance End of Year</i>	\$2,972,043	\$2,620,596	\$2,700,167	\$79,571

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$64,946	\$56,004	\$56,963	\$959
Payment in Lieu of Taxes	0	57	57	0
Intergovernmental	74,950	83,835	84,008	173
Interest	500	500	72	(428)
<i>Total Revenues</i>	140,396	140,396	141,100	704
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	290,860	340,860	318,619	22,241
<i>Net Change in Fund Balance</i>	(150,464)	(200,464)	(177,519)	22,945
<i>Fund Balance Beginning of Year</i>	1,103,100	1,103,100	1,103,100	0
Prior Year Encumbrances Appropriated	10,860	10,860	10,860	0
<i>Fund Balance End of Year</i>	\$963,496	\$913,496	\$936,441	\$22,945

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fund Net Assets

Internal Service Fund

June 30, 2010

	Self- Insurance
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$687,754
Accounts Receivable	2,856
	<hr/>
<i>Total Assets</i>	<i>690,610</i>
	<hr/>
Current Liabilities	
Deferred Revenue	196,861
Claims Payable	302,000
	<hr/>
<i>Total Liabilities</i>	<i>498,861</i>
	<hr/>
Net Assets	
Unrestricted	\$191,749
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 2010

	Self-Insurance
Operating Revenues	
Charges for Services	\$2,833,491
Operating Expenses	
Purchased Services	481,544
Claims	2,551,851
<i>Total Operating Expenses</i>	3,033,395
<i>Operating Loss</i>	(199,904)
<i>Net Assets at Beginning of Year</i>	391,653
<i>Net Assets at End of Year</i>	\$191,749

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2010

	<u>Self- Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$2,845,306
Cash Payments for Services	(481,544)
Cash Payments for Claims	<u>(2,665,851)</u>
<i>Net Cash Used for Operating Activities</i>	(302,089)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>989,843</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$687,754</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$199,904)
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(2,856)
Increase in Deferred Revenue	14,671
Decrease in Claims Payable	<u>(114,000)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$302,089)</u></u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$36,293</u></u>
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Liabilities

Due to Students	<u><u>\$36,293</u></u>
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See accompanying notes to the basic financial statements

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Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County, and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. It is staffed by 115 classified employees, 168 certificated full-time teaching personnel, and 14 administrative employees who provide services to 2,313 students and other community members. The School District currently operates two instructional buildings, one administrative building, and one garage.

Reporting Entity:

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

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

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The Foxfire High School operates under the direction of a five-member Board of Directors made up of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as represent the interest of the Muskingum County community. The sponsor is able to impose its will on Foxfire High School and due to Foxfire High School's relationship with Maysville Local School District it would be misleading to exclude Foxfire High School. The Sponsor can suspend the Foxfire High School's operations for any of the following reasons: 1) The Foxfire High School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Foxfire High School's failure to meet generally accepted standards of fiscal management, 3) The Foxfire High School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. Separately issued financial statements can be obtained from the Foxfire High School, PO Box 1818, Zanesville, Ohio 43702.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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

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

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

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

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District's records. Interest in the pool is presented as equity in pooled cash and cash equivalents on the financial statements.

The School District has a segregated bank account for the athletic department. This checking account is presented on the financial statements as cash and cash equivalents in segregated accounts since it is kept separate from the School District treasury.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the Permanent Improvement Capital Projects Fund during fiscal year 2010 amounted to \$222,108, which includes \$168,059 assigned from other School District funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the fiscal year in which services are consumed.

G. Inventory

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

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

H. Capital Assets

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

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

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

I. Internal Activity

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

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

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either eternally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. See Note 20 for additional information regarding set asides.

K. Compensated Absences

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

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

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which these payments will be made.

L. Accrued Liabilities and Long-term Obligations

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

M. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Net Assets

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

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

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

O. Extraordinary and Special Items

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

P. Estimates

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Q. Budgetary Data

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

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

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

R. Bond Premiums, Gains on Refinancing and Issuance Costs

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

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2010, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the School District's financial statements.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 58 provides 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. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's financial statements.

NOTE 4 – ACCOUNTABILITY

The following funds had a deficit fund balances at June 30, 2010.

<u>Special Revenue Funds:</u>	<u>Deficit Fund Balances</u>
Title I	\$29,631
Latchkey	12,995
Title VI-R	7,449
Education Stabilization	7,007

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

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
5. Advances in and advances out are operating transaction (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

	Net Change in Fund Balance	
	General	Classroom Facilities Maintenance
GAAP Basis	(\$431,884)	(\$149,095)
Net Adjustment for Revenue Accruals	194,086	1,911
Net Adjustment for Expenditure Accruals	68,010	1,529
Beginning:		
Prepaid Items	4,780	0
Ending:		
Prepaid Items	(3,468)	0
Advances In	11,705	0
Advances Out	(15,554)	0
Adjustment for Encumbrances	(58,753)	(31,864)
Budget Basis	(\$231,078)	(\$177,519)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,353,219 of the School District's bank balance of \$6,605,600 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments: As of June 30, 2010, the School District had the following investments. All investments are in an internal investment pool.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

	Fair Value	Maturity
Negotiable Certificate of Deposit	\$101,337	4/18/2011
Negotiable Certificate of Deposit	100,834	1/2/2013
Negotiable Certificate of Deposit	105,773	1/16/2013
Negotiable Certificate of Deposit	103,981	4/9/2013
Negotiable Certificate of Deposit	102,729	5/15/2014
Total	\$514,654	

Interest Rate Risk

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

Credit Risk

The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Of the School District's total investments, 100 percent is invested in negotiable certificates of deposit.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

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

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 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 and the late personal property tax settlement were levied to finance current fiscal year operations and are 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 deferred revenue.

The amount available as an advance at June 30, 2010, was \$16,159. \$14,335 was available to the General Fund, \$1,536 was available to the Bond Retirement Debt Service Fund, and \$288 was available to the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2009, was \$120,768. \$106,826 was available to the General Fund, \$11,743 was available to the Bond Retirement Debt Service Fund, and \$2,199 was available to the Classroom Facilities Maintenance Special Revenue Fund.

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

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

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$157,757,550	93.62%	\$161,802,660	95.87%
Public Utility Personal	6,194,220	3.68%	6,747,820	4.00%
General Business Personal	4,551,570	2.70%	222,740	0.13%
Total Assessed Value	<u>\$168,503,340</u>	<u>100.00%</u>	<u>\$168,773,220</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$40.15		\$40.10	

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 8 - RECEIVABLES

Receivables at June 30, 2010, consisted of property taxes, payment in lieu of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes and payment in lieu of taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$656,559 as of June 30, 2010.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities</u>	
Medicaid Reimbursements	\$20,299
Muskingum Valley ESC Reimbursement	1,500
School Employees Retirement System Refund	19,242
Title VI-B Grant	70,089
Title I Grant	116,333
Title II-A Grant	10,861
State of Ohio Benefit Refund	143
Latchkey Services Refund	<u>876</u>
Total	<u><u>\$239,343</u></u>

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 9 – CAPITAL ASSETS

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

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Nondepreciable Capital Assets				
Land	\$756,108	\$0	\$0	\$756,108
Construction in Progress	70,869	146,629	(180,022)	37,476
Total Capital Assets not being depreciated	<u>826,977</u>	<u>146,629</u>	<u>(180,022)</u>	<u>793,584</u>
Depreciable Capital Assets				
Land Improvements	4,022,389	220,419	0	4,242,808
Buildings and Improvements	37,721,365	0	0	37,721,365
Furniture and Equipment	3,668,174	248,938	0	3,917,112
Vehicles	1,245,949	187,796	(171,221)	1,262,524
Total at Historical Cost	<u>46,657,877</u>	<u>657,153</u>	<u>(171,221)</u>	<u>47,143,809</u>
Less Accumulated Depreciation				
Land Improvements	(841,874)	(149,056)	0	(990,930)
Buildings and Improvements	(8,164,802)	(917,039)	0	(9,081,841)
Furniture and Equipment	(2,521,302)	(199,292)	0	(2,720,594)
Vehicles	(1,029,789)	(62,870)	171,221	(921,438)
Total Accumulated Depreciation	<u>(12,557,767)</u>	<u>(1,328,257) *</u>	<u>171,221</u>	<u>(13,714,803)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>34,100,110</u>	<u>(671,104)</u>	<u>0</u>	<u>33,429,006</u>
Governmental Activities Capital Assets, Net	<u>\$34,927,087</u>	<u>(\$524,475)</u>	<u>(\$180,022)</u>	<u>\$34,222,590</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$484,857
Special	84,461
Vocational	19,389
Support Services:	
Pupils	18,914
Instructional Staff	182,540
Administration	63,373
Fiscal	5,522
Operation and Maintenance	68,259
Pupil Transportation	62,871
Central	11,663
Extracurricular	205,230
Food Service Operations	121,178
Total Depreciation Expense	<u>\$1,328,257</u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with the Young Insurance Agency Incorporated, through Ohio Casualty Group, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, fleet insurance, and builder's risk insurance. Coverage provided is as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$66,816,754
Employee Benefit Liability (\$1,000 deductible)	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Employers Liability	1,000,000
Fleet Insurance (\$1,000 deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Per Year	2,000,000
Medical Expense	15,000

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

For fiscal year 2010, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. Managed Care Organization provides administrative, cost control, and actuarial services to the GRP.

Medical, dental, and vision insurance is offered to employees through a Self-Insurance Internal Service Fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$302,000 reported in the Internal Service Fund at June 30, 2010, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased an aggregate stop-loss coverage policy in the amount of \$75,000 annually.

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

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current</u> <u>Year Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2009	\$195,280	\$2,501,057	\$2,280,337	\$416,000
2010	416,000	2,551,851	2,665,851	302,000

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$500,800, \$267,191 and \$256,313 respectively; 45.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

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

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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,241,993, \$1,280,563, and \$1,131,462 respectively; 85.04 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$26,332 made by the School District and \$18,809 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2010, there were no members of the Board of Education that elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$54,476, \$166,756, and \$160,009 respectively; 100 percent has been contributed for fiscal years 2010, 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 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$26,330, \$10,840, and \$18,468 respectively; 38.43 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$97,563, \$98,881 and \$88,032 respectively; 83.27 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Unused vacation time at the end of a fiscal year is not accumulated or carried forward to the next fiscal year. Teachers do not earn vacation time.

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

B. Life Insurance

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

C. Retirement Incentive

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

During fiscal year 2010, the School District paid \$10,000 in retirement incentives that were accrued as liabilities at June 30, 2009. At June 30, 2010 \$37,000 in retirement incentives was accrued as a liability to be paid in January 2011.

NOTE 14 – CAPITALIZED LEASES

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

The agreements provide for minimum annual rental payments as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$187,163	\$70,004	\$257,167
2012	195,789	61,379	257,168
2013	185,432	52,545	237,977
2014	165,725	45,387	211,112
2015	172,620	38,491	211,111
2016 - 2019	765,150	79,298	844,448
Total	<u>\$1,671,879</u>	<u>\$347,104</u>	<u>\$2,018,983</u>

The copiers and athletic facility were originally capitalized in the amount of \$1,898,551. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2010 totaled \$176,303 in the governmental funds.

Property under Capital Lease	\$1,898,551
Less: Accumulated Depreciation	<u>(145,782)</u>
Total June 30, 2010	<u><u>\$1,752,769</u></u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Principal Outstanding 6/30/2009	Additions	Deductions	Principal Outstanding 6/30/2010	Due in One Year
School Facilities Improvement General Obligation Bonds					
Serial Bonds - 2000 - 3.80%-6.35%	\$1,125,000	\$0	\$175,000	\$950,000	\$0
School Improvement Refunding General Obligation Bonds					
Serial Bonds - 2007 - 4.0%	590,000	0	0	590,000	185,000
Term Bonds - 2007 - 5.25%	1,580,000	0	0	1,580,000	0
Bond Premium	142,134	0	10,934	131,200	0
Deferred Amount on Refunding	(107,049)	0	(8,235)	(98,814)	0
Total Long-Term Bonds	3,330,085	0	177,699	3,152,386	185,000
Capital Leases	1,848,182	0	176,303	1,671,879	187,163
Compensated Absences Payable	1,138,051	154,633	182,586	1,110,098	121,525
Total General Long-Term Obligations	\$6,316,318	\$154,633	\$536,588	\$5,934,363	\$493,688

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Principal and interest requirements to retire general obligation bonds for the outstanding 2000 School Facilities Improvement Bonds outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2011	\$0	\$174,718
2012	0	164,979
2013	0	154,576
2014	215,000	142,369
2015	230,000	128,240
2016-2020	505,000	403,633
2021-2022	0	39,620
Total	\$950,000	\$1,208,135

2007 School Improvement Refunding General Obligation Bonds – The School District had previously issued 2000 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2007 School Improvement Refunding General Obligation Bonds. At the date of refunding, \$2,311,754 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District’s financial statements. On December 1, 2009, the 2007 school improvement refunding general obligation bonds were called and paid in full and the escrow account was closed.

On August 16, 2006, the School District issued \$2,170,000 of School Improvement Refunding General Obligation Bonds that were issued to partially refund the 2000 School Facilities Improvement General Obligation Bonds. The bonds were issued for a sixteen year period with a final maturity at December 1, 2021. The \$2,170,000 School Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$174,936. The issuance costs of \$33,182 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2010 was \$2,074. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$131,754. This difference is being reported in the accompanying financial statements as a decrease to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to services the new debt of \$151,035. The issuance resulted in a total economic gain of \$121,468.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Principal and interest requirements to the 2007 School Improvement Refunding General Obligation Bonds outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2011	\$185,000	\$102,850
2012	200,000	95,150
2013	205,000	87,050
2014	0	82,950
2015	0	82,950
2016-2020	895,000	345,581
2021-2022	685,000	36,619
Total	\$2,170,000	\$833,150

Capital leases will be paid from the General Fund and the Permanent Improvement Capital Projects Fund. Compensated absences will be paid from the General and Food Service Funds.

The School District's overall legal debt margin was \$12,424,776 with an unvoted debt margin of \$168,550 at June 30, 2010.

NOTE 16 - INTERFUND ACTIVITY

Interfund balances at June 30, 2010, consist of the following individual fund receivables and payables:

	Receivable	Payable
Major Funds:		
General Fund	\$17,097	\$49,624
Permanent Improvement Fund	1,323	0
Other Nonmajor Governmental Funds:		
Martha Holden Jennings Grant	0	1,443
Title VI-B	10,141	11,760
Title I	32,297	3,894
Miscellaneous Federal Grants	5,863	0
Total Other Nonmajor Governmental Funds	48,301	17,097
Total All Funds	\$66,721	\$66,721

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

The School District transferred \$300,000 from the General Fund to the Permanent Improvement Capital Projects Fund.

NOTE 17- JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

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

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and the School District does not have an equity interest in the Association. The School District's payments to LACA for computer services for fiscal year 2010 were \$79,055. Financial statements for LACA can be obtained from their fiscal agent - the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

B. Mid-East Career and Technology Centers

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

The Board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2010, the School District did not make any contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Centers, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 43701.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2010. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 18 - INSURANCE PURCHASING POOLS

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

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

B. Ohio School Benefits Cooperative

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

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

NOTE 19 – GRANT CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

The School District was approved for \$732,819 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund special education and early childhood programs. The allocations became available in fiscal year 2010 and will continue to be used to fund programs during fiscal year 2011.

The School District has been approved for \$711,277 of Federal Education Jobs Fund Program Dollars as part of Public Law No. 111-226, signed by President Obama on August 10, 2010. This program provides assistance to save or create education jobs. The allocation will be available to fund fiscal year 2011.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

In addition, the School District has also been approved for \$77,733 a year for the next four years of Race to the Top Program Dollars. This program provides the use of expenditures for a new program or an expansion of an existing, a proven program aligned to an approved scope of work in the areas of Standards and Assessments, Using Data to Improve Instruction, Great Teachers and Leaders, and Turning Around the Lowest-Achieving Schools.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2009	\$0	\$0	\$43,753
Current Year Set-Aside Requirement	364,139	364,139	0
Current Year Qualifying Disbursements	(403,720)	(234,850)	(43,753)
Excess Qualified Expenditures from Prior Years	(32,126)	0	0
Current Year Levy Offsets	<u>0</u>	<u>(496,029)</u>	<u>0</u>
Total	<u>(\$71,707)</u>	<u>(\$366,740)</u>	<u>\$0</u>
Balance Carried Forward to Future Fiscal Years	<u>(\$71,707)</u>	<u>\$0</u>	<u>\$0</u>
Cash Balances to Carry Forward to Future Fiscal Years	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

NOTE 21 – FOXFIRE HIGH SCHOOL

A. Basis of Presentation

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

B. Capital Assets

Foxfire High School's capital assets during fiscal year 2010 consisted of computer equipment, video equipment, a sign, and a freezer. All capital assets will be capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets will be recorded at their fair market values as of the date received. Foxfire High School maintains a capitalization threshold of one thousand dollars. All of Foxfire High School's reported capital assets will be depreciated using the straight-line method over the estimated useful life.

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	2009/2010	10.555	\$ 55,734	\$ 55,734
Cash Assistance:				
School Breakfast Program	2009/2010	10.553	83,473	83,473
National School Lunch Program	2009/2010	10.555	418,676	418,676
Cash Assistance Subtotal			<u>502,149</u>	<u>502,149</u>
Total Child Nutrition Cluster			557,883	557,883
Fresh Fruits and Vegetables Program	2009/2010	10.582	4,312	4,312
Total U.S. Department of Agriculture			562,195	562,195
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	2009 2010	84.010	111,229 519,799	104,653 523,593
Total Title I Grants to Local Educational Agencies			<u>631,028</u>	<u>628,246</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	2010	84.389	379,201	371,099
Total Title I, Part A Cluster			1,010,229	999,345
Special Education Cluster:				
Special Education Grants to States	2009 2010	84.027	78,382 370,617	108,318 382,377
Total Special Education Grants to States			<u>448,999</u>	<u>490,695</u>
ARRA - Special Education Grants to States, Recovery Act	2010	84.391	373,606	333,286
Special Education Preschool Grant	2010	84.173	5,698	5,698
ARRA - Special Education Preschool Grant, Recovery Act	2010	84.392	15,665	15,665
Total Special Education Cluster			843,968	845,344
Safe and Drug-Free Schools and Communities - State Grants	2009 2010	84.186	128 8,210	0 8,210
Total Safe and Drug-Free Schools and Communities - State Grants			<u>8,338</u>	<u>8,210</u>
Javits Gifted and Talented Students Education Grant Program	2010	84.206	500	500
Twenty-First Century Community Learning Centers	2010	84.287	200,000	200,000
Education Technology State Grants	2010	84.318	5,255	5,255
Improving Teacher Quality	2010	84.367	105,769	109,153
ARRA School Improvement Grant - Recovery Act	2010	84.377	40,914	40,914
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	2010	84.394	734,987	734,987
Total U.S. Department of Education			<u>2,949,960</u>	<u>2,943,708</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 3,512,155</u>	<u>\$ 3,505,903</u>

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

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



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*

Maysville Local School District
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43702

To the Board of Education:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 16, 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 School 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 School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A *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 School 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 School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Dave Yost
Auditor of State

February 16, 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

Maysville Local School District
Muskingum County
2805 Pinkerton Road
P.O. Box 1818
Zanesville, Ohio 43702

To the Board of Education:

Compliance

We have audited the compliance of the Maysville Local School District, Muskingum County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the 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 School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

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

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, 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 School 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 intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

February 16, 2011

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	Title I Cluster - Grants to Local Educational Agencies – CFDA# 84.010 & 84.389; Special Education Cluster - Grants to States - CFDA # 84.027, 84.391, 84.173 & 84.392; State Fiscal Stabilization Fund – CFDA #84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

MAYSVILLE LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 24, 2011**