

**MARYSVILLE EXEMPTED VILLAGE
SCHOOL DISTRICT**

UNION COUNTY

SINGLE AUDIT

JULY 1, 2010 - JUNE 30, 2011





Dave Yost • Auditor of State

Board of Trustees
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

We have reviewed the *Independent Auditors' Report* of the Marysville Exempted Village School District, Union County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Finding for Recovery Repaid Under Audit

Article XIX—Fringe Benefits, 19.01 of the negotiated agreement with the Marysville Education Association states the following:

- A. Any bargaining unit member with a minimum of ten (10) or more years of accumulated service with the state, any political subdivision or any combination thereof, who elects to retire or is approved for disability retirement by STRS, shall be paid twenty-five percent (25%) of his/her accumulated and unused sick leave (capped at sixty-four (64) days).
- B. The rate of pay for all such accumulated days shall be the per diem rate of the member's annual salary in the year in which retirement occurs or is approved by STRS for disability retirement as determined from the approved salary schedule plus all supplemental contracts held during the year.
- C. The member's per diem rate shall be computed by dividing the annual salary as per the paragraph above by the number of days of regular required duty.

In January 2011 Ellen Carter received a \$26,417.35 severance payment that was not calculated in accordance with the negotiated agreement with the Marysville Education Association.

Amount Paid by District	
Leave Balance to Be Paid	64.75 days
Per Diem Rate Paid by District	\$407.99
Amount Paid by District	\$26,417

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Amount based on Negotiated Agreement	
Leave Balance to Be Paid	64.75 days
Per Diem Rate per negotiated agreement	\$378.55
Amount Paid by District	\$24,511
Overpayment amount	\$1,906

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ellen Carter in the amount of \$1,906, and in favor of Marysville Exempted Village School District General Fund, in the amount of \$1,906.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Additionally, Cynthia Ritter, Treasurer, and her bonding company, The Cincinnati Insurance Company, will be jointly and severally liable in the amount of \$1,906 and in favor of the General Fund to the extent that recovery is not obtained from Ellen Carter.

The above finding was paid by Ellen Carter on October 1, 2011, which check number 1145.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Marysville Exempted Village School District is responsible for compliance with these laws and regulations.



Dave Yost
Auditor of State

January 10, 2012

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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UNION COUNTY, OHIO**

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Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marysville Exempted Village School District, Union County, Ohio (the District) as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marysville Exempted Village School District, Union County, Ohio as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, and GASB Statement No. 59, *Financial Instruments Omnibus*. The implementation of GASB Statement No. 54 resulted in a restatement of fund balances and net assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the District's internal control over financial reporting and on 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Marysville Exempted Village School District
Union County
Independent Auditors' Report

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 a 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 historic 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 to provide any other assurances.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relate directly to 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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 21, 2011

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The management's discussion and analysis of Marysville Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- The District restated net assets and fund balances at June 30 2010 as described in Note 3.B. In total, net assets decreased \$1,786,083. Net assets of governmental activities decreased \$1,832,101, which represents a 13.03% decrease from 2010. Net assets of business-type activities increased \$46,018 or 134.287% from 2010.
- General revenues accounted for \$51,299,867 in revenue or 83.95% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$9,808,150 or 16.05% of total governmental activities revenues of \$61,108,017.
- The District had \$62,940,118 in expenses related to governmental activities; only \$9,808,150 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of \$51,299,867 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund and permanent improvement fund. The general fund had \$44,142,267 in revenues and other financing sources, and \$45,902,709 in expenditures and other financing uses. The fund balance of the general fund decreased from a restated balance of \$537,057 to a deficit of \$1,223,385.
- Another major governmental fund is the bond retirement fund. The bond retirement fund had \$8,066,424 in revenues and other financing sources and \$8,572,804 in expenditures. The fund balance of the bond retirement fund decreased from \$1,149,071 to \$642,691.
- The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had \$4,059,656 in revenues and \$4,843,908 in expenditures and other financing uses. The fund balance of the permanent improvement fund decreased from \$4,024,977 to \$3,240,725.

Using this 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 understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District has three major governmental funds: the general fund, bond retirement fund and the permanent improvement fund. The general fund is by far the most significant fund.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities and food service operations.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's special enterprise-day care programs are reported as business-type activities.

The District's statement of net assets and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps 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. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Proprietary Fund

The proprietary fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The proprietary fund financial statements can be found on pages 22-24 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-57 of this report.

The District as a Whole

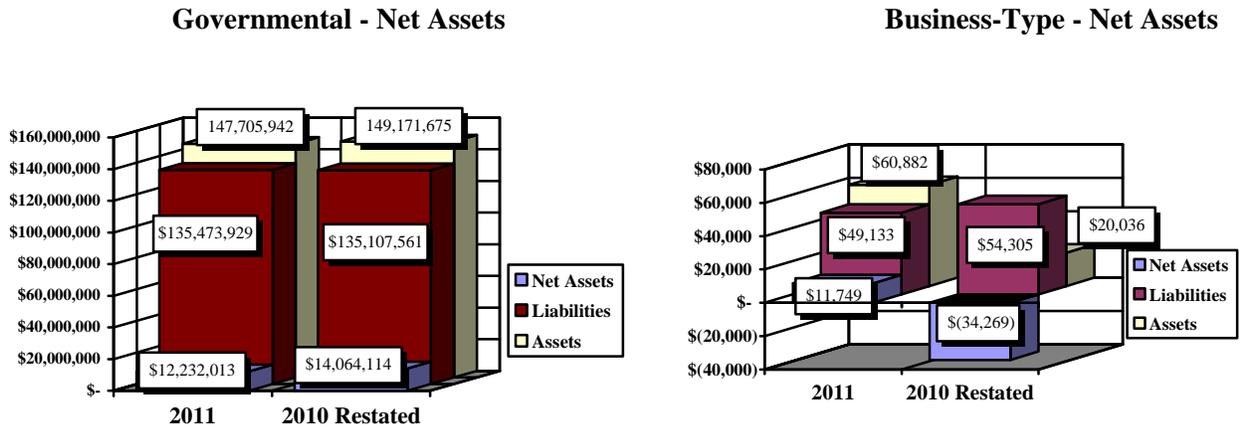
Recall that the statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2011 and 2010. The 2010 net assets were restated as described in Note 3.B.

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	Restated 2010	2011	Restated 2010	2011	Restated 2010
<u>Assets</u>						
Current assets	\$ 40,599,996	\$ 39,043,610	\$ 60,882	\$ 19,810	\$ 40,660,878	\$ 39,063,420
Capital assets, net	<u>107,105,946</u>	<u>110,128,065</u>	<u>-</u>	<u>226</u>	<u>107,105,946</u>	<u>110,128,291</u>
Total assets	<u>147,705,942</u>	<u>149,171,675</u>	<u>60,882</u>	<u>20,036</u>	<u>147,766,824</u>	<u>149,191,711</u>
<u>Liabilities</u>						
Current liabilities	33,077,685	30,312,360	37,360	51,062	33,115,045	30,363,422
Long-term liabilities	<u>102,396,244</u>	<u>104,795,201</u>	<u>11,773</u>	<u>3,243</u>	<u>102,408,017</u>	<u>104,798,444</u>
Total liabilities	<u>135,473,929</u>	<u>135,107,561</u>	<u>49,133</u>	<u>54,305</u>	<u>135,523,062</u>	<u>135,161,866</u>
<u>Net Assets</u>						
Invested in capital						
assets, net of related debt	15,370,210	15,237,379	-	226	15,370,210	15,237,605
Restricted	6,635,524	6,554,204	-	-	6,635,524	6,554,204
Unrestricted (deficit)	<u>(9,773,721)</u>	<u>(7,727,469)</u>	<u>11,749</u>	<u>(34,495)</u>	<u>(9,761,972)</u>	<u>(7,761,964)</u>
Total net assets (deficit)	<u>\$ 12,232,013</u>	<u>\$ 14,064,114</u>	<u>\$ 11,749</u>	<u>\$ (34,269)</u>	<u>\$ 12,243,762</u>	<u>\$ 14,029,845</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The graph below shows the District's assets, liabilities and net assets at June 30, 2011 and 2010.



The table below shows the changes in net assets for fiscal years 2011 and 2010.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	Restated 2010	2011	Restated 2010	2011	Restated 2010
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,687,593	\$ 2,527,437	\$ 412,619	\$ 356,156	\$ 3,100,212	\$ 2,883,593
Operating grants and contributions	7,094,181	5,466,409	-	-	7,094,181	5,466,409
Capital grants and contributions	26,376	-	-	-	26,376	-
General revenues:						
Property taxes	26,156,994	30,023,116	-	-	26,156,994	30,023,116
Grants and entitlements not restricted	24,885,334	25,529,413	-	-	24,885,334	25,529,413
Investment earnings	40,399	52,320	-	-	40,399	52,320
Miscellaneous	217,140	494,569	37	-	217,177	494,569
Total revenues	61,108,017	64,093,264	412,656	356,156	61,520,673	64,449,420

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2011	Restated 2010	2011	Restated 2010	2011	Restated 2010
Expenses						
Program expenses:						
Instruction:	\$ 31,842,321	\$ 31,773,316	\$ -	\$ -	\$ 31,842,321	\$ 31,773,316
Support services:						
Pupil	3,493,078	3,153,419	-	-	3,493,078	3,153,419
Instructional staff	5,114,616	4,417,035	-	-	5,114,616	4,417,035
Board of education	239,936	27,738	-	-	239,936	27,738
Administration	3,752,154	3,331,907	-	-	3,752,154	3,331,907
Fiscal	1,196,392	1,328,235	-	-	1,196,392	1,328,235
Business	718,088	896,995	-	-	718,088	896,995
Operations and maintenance	5,057,277	4,874,495	-	-	5,057,277	4,874,495
Pupil transportation	2,307,844	2,359,872	-	-	2,307,844	2,359,872
Central	527,255	864,367	-	-	527,255	864,367
Operation of non-instructional services:						
Food service operations	2,064,654	2,052,904	-	-	2,064,654	2,052,904
Other non-instructional services	215,474	104,728	-	-	215,474	104,728
Extracurricular activities	1,105,144	1,170,656	-	-	1,105,144	1,170,656
Interest and fiscal charges	5,305,885	5,474,154	-	-	5,305,885	5,474,154
Special enterprise-day care	-	-	366,638	343,500	366,638	343,500
Total expenses	<u>62,940,118</u>	<u>61,829,821</u>	<u>366,638</u>	<u>343,500</u>	<u>63,306,756</u>	<u>62,173,321</u>
Changes in net assets	(1,832,101)	2,263,443	46,018	12,656	(1,786,083)	2,276,099
Net assets (deficit) at beginning of year	<u>14,064,114</u>	<u>11,800,671</u>	<u>(34,269)</u>	<u>(46,925)</u>	<u>14,029,845</u>	<u>11,753,746</u>
Net assets (deficit) at end of year	<u>\$ 12,232,013</u>	<u>\$ 14,064,114</u>	<u>\$ 11,749</u>	<u>\$ (34,269)</u>	<u>\$ 12,243,762</u>	<u>\$ 14,029,845</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$1,832,101. The primary reason for this decrease is due to the variance in the amount of the property tax advance available at June 30, 2011 and June 30, 2010, which amounted to \$2,798,700 and \$4,878,663, respectively. The tax advance available is reported as revenue in the basic financial statements.

Total governmental expenses of \$62,940,118 were offset by program revenues of \$9,808,150, and general revenues of \$51,299,867. Program revenues supported 15.58% of the total governmental expenses.

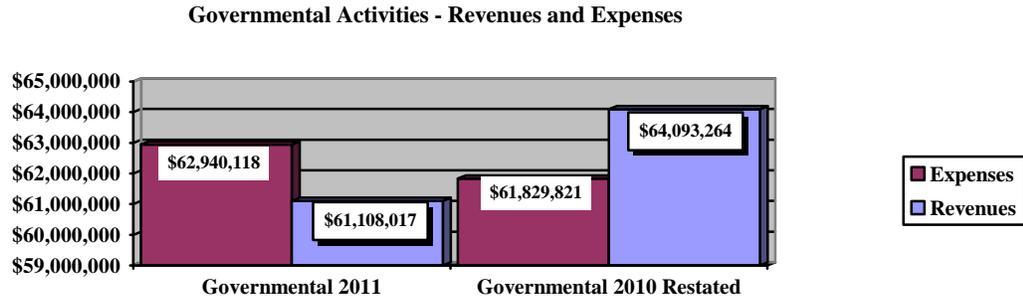
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 83.53% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$31,842,321 or 50.59% of total governmental expenses for fiscal year 2011.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2011 and 2010.



The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

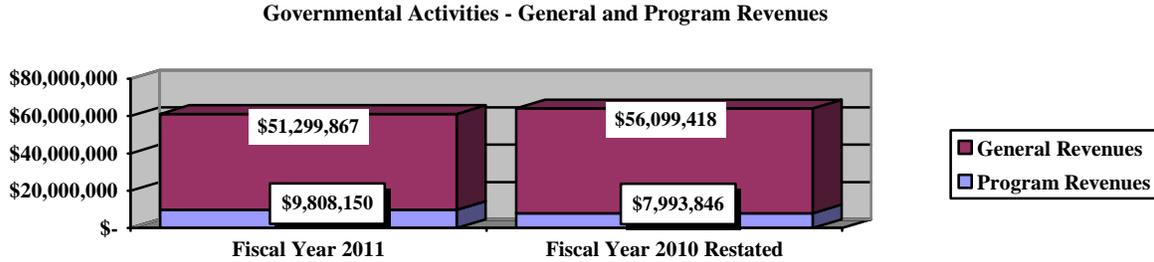
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services (Restated) 2010	Net Cost of Services (Restated) 2010
Instruction:	\$ 31,842,321	\$ 26,618,066	\$ 31,773,316	\$ 27,185,780
Support services:				
Pupil	3,493,078	3,254,842	3,153,419	3,152,773
Instructional staff	5,114,616	4,675,913	4,417,035	4,023,935
Board of education	239,936	238,714	27,738	27,738
Administration	3,752,154	3,442,678	3,331,907	3,119,420
Fiscal	1,196,392	1,143,897	1,328,235	1,327,603
Business	718,088	673,313	896,995	896,995
Operations and maintenance	5,057,277	4,648,372	4,874,495	4,874,495
Pupil transportation	2,307,844	2,039,206	2,359,872	2,263,502
Central	527,255	473,608	864,367	854,813
Operation of non-instructional services:				
Food service operations	2,064,654	(67,491)	2,052,904	(94,380)
Other non-instructional services	215,474	65,704	104,728	(28,241)
Extracurricular activities	1,105,144	619,261	1,170,656	757,388
Interest and fiscal charges	<u>5,305,885</u>	<u>5,305,885</u>	<u>5,474,154</u>	<u>5,474,154</u>
Total expenses	\$ 62,940,118	\$ 53,131,968	\$ 61,829,821	\$ 53,835,975

The dependence upon tax revenues during fiscal year 2011 for governmental activities is apparent, as 83.59% of 2011 instruction activities are supported through taxes and other general revenues. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010.



Business-Type Activities

Business-type activities include the special enterprise-day care operations. This program had revenues of \$412,656 and expenses of \$366,638 for fiscal year 2011. The District's business-type activities do not receive support from tax revenues.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$4,750,262, which is \$2,816,069 lower than last year's total of \$7,566,331. The June 30, 2010 fund balance of the general fund and other governmental funds were restated for fund reclassifications as detailed in Note 3.B. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance (Deficit) <u>June 30, 2011</u>	Restated Fund Balance <u>June 30, 2010</u>	Increase (Decrease)
General	\$ (1,223,385)	\$ 537,057	\$ (1,760,442)
Bond retirement	642,691	1,149,071	(506,380)
Permanent improvement	3,240,725	4,024,977	(784,252)
Other governmental	<u>2,090,231</u>	<u>1,855,226</u>	<u>235,005</u>
Total	<u>\$ 4,750,262</u>	<u>\$ 7,566,331</u>	<u>\$ (2,816,069)</u>

General Fund

The District's general fund balance decreased \$1,760,442 during fiscal year 2011. The table that follows assists in illustrating the revenues of the general fund.

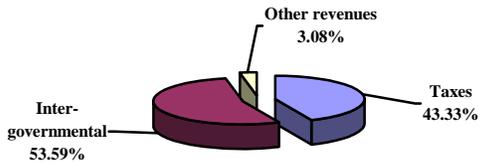
**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

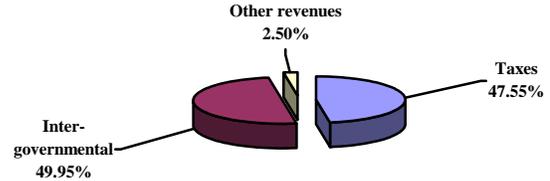
	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 19,125,961	\$ 22,768,762	(16.00) %
Intergovernmental	23,656,837	23,918,765	(1.10) %
Other revenues	<u>1,357,769</u>	<u>1,200,351</u>	13.11 %
Total	<u>\$ 44,140,567</u>	<u>\$ 47,887,878</u>	(7.83) %

Tax revenue decreased by \$3,642,801 or 16.00% from fiscal year 2010, due to a decrease of \$1,537,485 in the amount of taxes available for advance. The amount of taxes available for advance is determined by timing of the tax bills sent by the County auditor. Intergovernmental revenue remained relatively unchanged, with a decrease of only 1.10%. Other revenues increased 13.11% due to the amount collected for classroom materials and fees from the prior year.

Revenues - Fiscal Year 2011



Revenues - Fiscal Year 2010



The table that follows assists in illustrating the expenditures of the general fund.

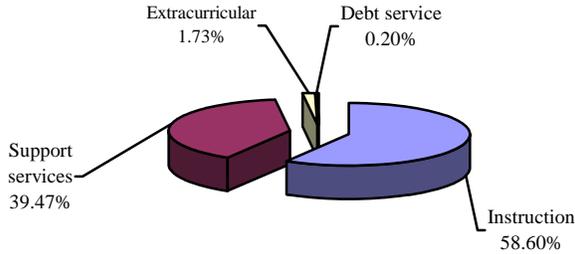
	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 26,860,984	\$ 25,654,023	4.70 %
Support services	18,094,963	18,521,512	(2.30) %
Operation of non-instructional services	-	1,728	(100.00) %
Extracurricular activities	791,618	864,068	(8.38) %
Debt service	<u>92,280</u>	<u>91,431</u>	0.93 %
Total	<u>\$ 45,839,845</u>	<u>\$ 45,132,762</u>	1.57 %

Instruction expenditures remained relatively consistent with 2011 experiencing increases primarily attributable to anticipated salary/wage increases. The decrease in support services is due to the District trying to tightly control costs. Overall the expenditures of the District increased just 1.57% during fiscal year 2011.

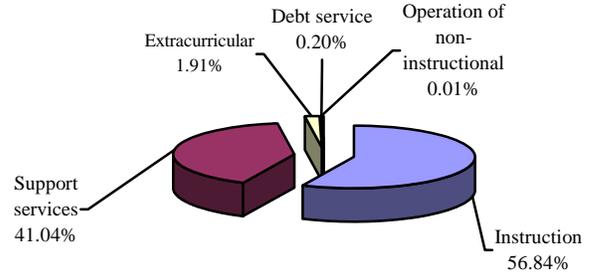
**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Expenditures - Fiscal Year 2011



Expenditures - Fiscal Year 2010



Bond Retirement Fund

Another of the District's major governmental funds is the bond retirement fund. The bond retirement fund had \$8,066,424 in revenues and other financing sources and \$8,572,804 in expenditures. The fund balance of the bond retirement fund decreased \$506,380 from \$1,149,071 to \$642,691.

Permanent Improvement Fund

The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had \$4,059,656 in revenues and \$4,843,908 in expenditures and other financing uses. The fund balance of the permanent improvement fund decreased \$784,252 from \$4,024,977 to \$3,240,725.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the District amended its general fund budget. For the general fund, final budgeted revenues and other financing sources of \$46,305,727 were \$1,115,376 below original budgeted revenues and other financing sources of \$47,421,103. Actual revenues and other financing sources of \$46,195,917 were \$109,810 below the final budget.

General fund final appropriations were \$47,456,754. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$45,662,096, which was \$1,794,658 less than the final budget appropriations. The final appropriations were \$138,603 higher than the original appropriations.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$107,105,946 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. \$107,105,946 was reported in the governmental activities and \$0 was reported in the business-type activities. The business-type activities assets became fully depreciated during fiscal year 2011. The following table shows fiscal year 2011 balances compared to 2010:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>Restated 2010</u>	<u>2011</u>	<u>Restated 2010</u>	<u>2011</u>	<u>Restated 2010</u>
Land	\$ 6,355,496	\$ 6,355,496	\$ -	\$ -	\$ 6,355,496	\$ 6,355,496
Land improvements	1,513,982	1,703,440	-	-	1,513,982	1,703,440
Buildings and improvements	92,862,400	95,164,628	-	-	92,862,400	95,164,628
Furniture and equipment	5,167,774	5,669,192	-	226	5,167,774	5,669,418
Vehicles	<u>1,206,294</u>	<u>1,235,309</u>	<u>-</u>	<u>-</u>	<u>1,206,294</u>	<u>1,235,309</u>
Total	<u>\$ 107,105,946</u>	<u>\$ 110,128,065</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 107,105,946</u>	<u>\$ 110,128,291</u>

See Note 9 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2011 the District had \$97,303,551 in general obligation bonds, capital leases and energy conservation project notes outstanding. The general obligation bond issue is comprised of current issue bonds and capital appreciation bonds. Of this total debt outstanding, \$4,133,509 is due within one year and \$93,170,042 is due in more than one year. The table that follows summarizes the bonds, leases, and notes outstanding:

Outstanding Debt, at June 30

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Current interest bonds	\$ 79,715,000	\$ 83,920,000
Capital appreciation bonds	8,767,114	8,877,113
Capital appreciation bonds - accreted interest	6,982,437	5,969,214
Capital lease	1,424,000	1,511,000
Energy conservation project	<u>415,000</u>	<u>485,000</u>
Total	<u>\$ 97,303,551</u>	<u>\$ 100,762,327</u>

See Note 11 to the basic financial statements for detail on the District's debt administration.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Current Financial Related Activities

The District relies on its property taxes and state foundation funds to provide the funds necessary to maintain its educational programs. The District continues to grow with an average 2 percent growth rate per year. This year's growth brought the total school population to over 5,300 students. Our graduating class in 2002 was the last class under 300.

Union County is one of the fastest growing counties in Ohio and Marysville is one of the fastest growing cities in Ohio. We have had eight new housing developments in the past six years. Marysville industrial and commercial tax base is increasing with an addition to the Scotts facility and new restaurants and stores being built in the Coleman's Crossing area.

House Bill 66, passed in 2005, phases out the tax on tangible personal property of general business, telephone, and railroads. The tax on general business and railroad property was eliminated in 2009 and the tax on telephone in 2011. The tax is phased out by reducing the assessment rate on the property each year. The loss and replacement of the tangible personal property tax revenues has been calculated by the Ohio Department of Taxation using 2004 as the base year. The base year amount is the amount of property tax revenue lost when the tax has been fully phased out. School districts are being "held harmless" and reimbursed for lost revenue in the first five years; in the following seven years, the reimbursements are phased out. Even with the direct reimbursement, the District will see no growth from tangible personal property revenues since the payment is calculated on a 2004 base year.

In November 2009, District residents passed a renewal of an existing 6.56 mill levy. This levy does not generate any additional tax dollars.

In conclusion, the District has committed itself to financial excellence for many years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Cynthia J. Ritter, Treasurer, Marysville Exempted Village School District, 1000 Edgewood Drive, Marysville, Ohio 43040.

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**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 9,778,940	\$ 60,882	\$ 9,839,822
Investments	498,195	-	498,195
Receivables:			
Property taxes	27,258,282	-	27,258,282
Payment in lieu of taxes	1,025,330	-	1,025,330
Accounts	53,195	-	53,195
Accrued interest	8,283	-	8,283
Intergovernmental	1,103,141	-	1,103,141
Prepayments	124,900	-	124,900
Materials and supplies inventory	18,420	-	18,420
Unamortized bond issuance costs	731,310	-	731,310
Capital assets:			
Land and construction in progress	6,355,496	-	6,355,496
Depreciable capital assets, net	100,750,450	-	100,750,450
Capital assets, net	107,105,946	-	107,105,946
Total assets	147,705,942	60,882	147,766,824
Liabilities:			
Accounts payable	184,678	5,246	189,924
Accrued wages and benefits	6,335,793	21,247	6,357,040
Intergovernmental payable	218,760	1,229	219,989
Pension obligation payable	1,330,691	9,638	1,340,329
Unearned revenue	24,064,630	-	24,064,630
Accrued interest payable	348,133	-	348,133
Notes payable	595,000	-	595,000
Long-term liabilities:			
Due within one year	4,988,038	8,020	4,996,058
Due in more than one year	97,408,206	3,753	97,411,959
Total liabilities	135,473,929	49,133	135,523,062
Net Assets:			
Invested in capital assets, net of related debt	15,370,210	-	15,370,210
Restricted for:			
Capital projects	4,965,027	-	4,965,027
Debt service	446,795	-	446,795
Federally funded programs	858,349	-	858,349
Student activities	153,031	-	153,031
Other purposes	212,322	-	212,322
Unrestricted (deficit)	(9,773,721)	11,749	(9,761,972)
Total net assets	\$ 12,232,013	\$ 11,749	\$ 12,243,762

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 4,371,299	\$ 67,278	\$ 2,915,529	\$ 2,424,834	\$ 9,778,940
Investments	-	-	-	498,195	498,195
Receivables:					
Property taxes	21,552,898	3,395,197	2,310,187	-	27,258,282
Payment in lieu of taxes	-	220,000	805,330	-	1,025,330
Accounts	30,261	-	-	22,934	53,195
Accrued interest	7,189	-	-	1,094	8,283
Intergovernmental	-	-	-	1,103,141	1,103,141
Due from other funds	129	-	-	-	129
Prepayments	11,792	-	113,108	-	124,900
Materials and supplies inventory	-	-	-	18,420	18,420
Total assets	<u>\$ 25,973,568</u>	<u>\$ 3,682,475</u>	<u>\$ 6,144,154</u>	<u>\$ 4,068,618</u>	<u>\$ 39,868,815</u>
Liabilities:					
Accounts payable	\$ 116,268	\$ -	\$ 24,136	\$ 44,274	\$ 184,678
Accrued wages and benefits	5,926,574	-	-	409,219	6,335,793
Intergovernmental payable	204,576	-	-	14,184	218,760
Compensated absences payable	86,109	-	-	9,289	95,398
Early retirement incentive payable	226,667	-	-	17,670	244,337
Pension obligation payable	1,284,903	-	-	45,788	1,330,691
Due to other funds	-	-	-	129	129
Deferred revenue	953,919	150,697	101,687	841,294	2,047,597
Unearned revenue	18,397,937	2,889,087	2,777,606	-	24,064,630
Accrued interest payable	-	-	-	1,540	1,540
Notes payable	-	-	-	595,000	595,000
Total liabilities	<u>27,196,953</u>	<u>3,039,784</u>	<u>2,903,429</u>	<u>1,978,387</u>	<u>35,118,553</u>
Fund Balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	18,420	18,420
Prepayments	11,792	-	113,108	-	124,900
Restricted:					
Debt service	-	642,691	-	-	642,691
Capital improvements	-	-	3,127,617	1,621,521	4,749,138
Food service operations	-	-	-	214,600	214,600
Special education	-	-	-	32,548	32,548
Targeted academic assistance	-	-	-	801	801
Extracurricular	-	-	-	153,031	153,031
Other purposes	-	-	-	55,602	55,602
Assigned:					
Student instruction	14,437	-	-	-	14,437
Student and staff support	304,156	-	-	-	304,156
Unassigned (deficit)	<u>(1,553,770)</u>	<u>-</u>	<u>-</u>	<u>(6,292)</u>	<u>(1,560,062)</u>
Total fund balances (deficit)	<u>(1,223,385)</u>	<u>642,691</u>	<u>3,240,725</u>	<u>2,090,231</u>	<u>4,750,262</u>
Total liabilities and fund balances	<u>\$ 25,973,568</u>	<u>\$ 3,682,475</u>	<u>\$ 6,144,154</u>	<u>\$ 4,068,618</u>	<u>\$ 39,868,815</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

Total governmental fund balances		\$ 4,750,262
 <i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		107,105,946
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 1,200,282	
Accrued interest receivable	7,115	
Intergovernmental receivable	840,200	
Total	2,047,597	2,047,597
Unamortized bond issuance costs are not recognized in the funds.		731,310
Unamortized premiums on bond issuance costs are not recognized in the funds.		(2,869,246)
Unamortized amounts on refundings are not recognized in the funds		2,049,624
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(346,593)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	95,464,551	
Capital lease obligation	1,424,000	
Compensated absences	3,444,663	
Early retirement incentive	488,673	
Energy conservation note	415,000	
Total	(101,236,887)	(101,236,887)
Net assets of governmental activities		\$ 12,232,013

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 19,065,961	\$ 3,009,617	\$ 2,051,852	\$ -	\$ 24,127,430
Payment in lieu of taxes	60,000	440,000	789,749	-	1,289,749
Tuition	345,687	-	-	-	345,687
Transportation fees	24,285	-	-	-	24,285
Earnings on investments	37,934	-	-	3,606	41,540
Charges for services	-	-	-	1,333,512	1,333,512
Extracurricular	341,569	-	-	250,756	592,325
Classroom materials and fees	259,521	-	-	-	259,521
Rental income	131,633	-	-	630	132,263
Contributions and donations	9,684	-	-	77,848	87,532
Other local revenues	207,456	-	-	24,336	231,792
Intergovernmental - state	23,567,386	1,848,581	1,218,055	207,863	26,841,885
Intergovernmental - federal	89,451	-	-	4,193,261	4,282,712
Total revenues	<u>44,140,567</u>	<u>5,298,198</u>	<u>4,059,656</u>	<u>6,091,812</u>	<u>59,590,233</u>
Expenditures:					
Current:					
Instruction:					
Regular	21,956,250	-	425,043	375,737	22,757,030
Special	4,018,316	-	-	1,565,044	5,583,360
Vocational	600,192	-	5,302	558	606,052
Other	286,226	-	-	-	286,226
Support services:					
Pupil	3,297,395	-	-	129,133	3,426,528
Instructional staff	3,275,743	-	756,846	431,066	4,463,655
Board of education	238,714	-	-	1,222	239,936
Administration	3,073,681	-	-	313,673	3,387,354
Fiscal	987,422	65,911	44,540	52,495	1,150,368
Business	632,361	-	5,732	44,775	682,868
Operations and maintenance	4,187,352	-	538,173	277,272	5,002,797
Pupil transportation	1,892,491	-	142,791	246,036	2,281,318
Central	509,804	-	-	39,415	549,219
Operation of non-instructional services:					
Other non-instructional services	-	-	-	180,900	180,900
Food service operations	-	-	-	2,028,412	2,028,412
Extracurricular activities	791,618	-	-	268,428	1,060,046
Facilities acquisition and construction	-	-	3,514	590	4,104
Debt service:					
Principal retirement	70,000	4,314,999	87,000	-	4,471,999
Interest and fiscal charges	22,280	4,191,894	66,741	12,990	4,293,905
Total expenditures	<u>45,839,845</u>	<u>8,572,804</u>	<u>2,075,682</u>	<u>5,967,746</u>	<u>62,456,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,699,278)</u>	<u>(3,274,606)</u>	<u>1,983,974</u>	<u>124,066</u>	<u>(2,865,844)</u>
Other financing sources (uses):					
Sale of assets	1,700	-	-	48,075	49,775
Transfers in	-	2,768,226	-	62,864	2,831,090
Transfers (out)	(62,864)	-	(2,768,226)	-	(2,831,090)
Total other financing sources (uses)	<u>(61,164)</u>	<u>2,768,226</u>	<u>(2,768,226)</u>	<u>110,939</u>	<u>49,775</u>
Net change in fund balances	(1,760,442)	(506,380)	(784,252)	235,005	(2,816,069)
Fund balances at beginning of year (restated)	537,057	1,149,071	4,024,977	1,855,226	7,566,331
Fund balances (deficit) at end of year	<u>\$ (1,223,385)</u>	<u>\$ 642,691</u>	<u>\$ 3,240,725</u>	<u>\$ 2,090,231</u>	<u>\$ 4,750,262</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds \$ (2,816,069)

*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 depreciation expense exceeds capital outlay in the current period.

Capital asset additions	\$ 663,137	
Current year depreciation	(3,659,430)	
Total	(2,996,293)	(2,996,293)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (25,826)

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

Property taxes	739,815	
Earnings on investments	3,559	
Intergovernmental	774,410	
Total	1,517,784	1,517,784

Repayment of bonds, notes and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 4,471,999

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Increase in accrued interest payable	(3,405)	
Accreted interest on capital appreciation bonds	(1,013,223)	
Amortization of bond issuance costs	(107,875)	
Amortization of bond premiums	151,013	
Amortization of deferred charges	(38,490)	
Total	(1,011,980)	(1,011,980)

Some expenses reported in the statement of activities, such as compensated absences and early retirement incentives, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (971,716)

Change in net assets of governmental activities \$ (1,832,101)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 21,088,024	\$ 20,592,018	\$ 20,603,446	\$ 11,428
Payment in lieu of taxes	2,560	2,500	60,000	57,500
Tuition	316,443	309,000	347,490	38,490
Transportation fees	30,723	30,000	24,285	(5,715)
Earnings on investments	51,204	50,000	33,119	(16,881)
Extracurricular	246,805	241,000	222,726	(18,274)
Classroom materials and fees	86,568	84,532	141,279	56,747
Rental income	122,890	120,000	128,650	8,650
Contributions and donations	40,963	40,000	1,583	(38,417)
Other local revenues	217,270	212,160	179,046	(33,114)
Intergovernmental - state	24,583,538	24,005,317	23,764,680	(240,637)
Intergovernmental - federal	20,482	20,000	89,451	69,451
Total revenues	<u>46,807,470</u>	<u>45,706,527</u>	<u>45,595,755</u>	<u>(110,772)</u>
Expenditures:				
Current:				
Instruction:				
Regular	22,063,756	22,128,385	21,307,556	820,829
Special	4,208,474	4,220,801	3,975,345	245,456
Vocational	626,865	628,701	596,988	31,713
Other	166,737	167,225	248,956	(81,731)
Support services:				
Pupil	3,028,911	3,037,783	3,038,654	(871)
Instructional staff	3,240,797	3,250,290	3,108,669	141,621
Board of education	232,120	232,800	248,751	(15,951)
Administration	2,863,267	2,871,654	2,896,018	(24,364)
Fiscal	1,125,582	1,128,879	1,074,844	54,035
Business	694,922	696,958	629,252	67,706
Operations and maintenance	4,567,562	4,580,941	4,272,463	308,478
Pupil transportation	2,199,501	2,205,944	1,986,252	219,692
Central	503,000	504,473	551,348	(46,875)
Operation of non-instructional services	40	40	22	18
Extracurricular activities	833,180	835,621	795,369	40,252
Debt service:				
Principal retirement	712,912	715,000	715,000	-
Interest and fiscal charges	39,823	39,940	35,144	4,796
Total expenditures	<u>47,107,449</u>	<u>47,245,435</u>	<u>45,480,631</u>	<u>1,764,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(299,979)</u>	<u>(1,538,908)</u>	<u>115,124</u>	<u>1,654,032</u>
Other financing sources (uses):				
Refund of prior year expenditures	94	92	354	262
Refund of prior year receipts	(210,702)	(211,319)	(181,465)	29,854
Sale of notes	609,332	595,000	595,000	-
Advances in	3,183	3,108	3,108	-
Sale of capital assets	1,024	1,000	1,700	700
Total other financing sources (uses)	<u>402,931</u>	<u>387,881</u>	<u>418,697</u>	<u>30,816</u>
Net change in fund balance	102,952	(1,151,027)	533,821	1,684,848
Fund balance at beginning of year	2,938,881	2,938,881	2,938,881	-
Prior year encumbrances appropriated	466,674	466,674	466,674	-
Fund balance at end of year	<u>\$ 3,508,507</u>	<u>\$ 2,254,528</u>	<u>\$ 3,939,376</u>	<u>\$ 1,684,848</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT:

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	<u>Business-Type Activities - Nonmajor Enterprise Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 60,882
Total assets	<u>60,882</u>
Liabilities:	
Current liabilities:	
Accounts payable	5,246
Accrued wages and benefits	21,247
Compensated absences	8,020
Pension obligation payable	9,638
Intergovernmental payable	<u>1,229</u>
Total current liabilities	<u>45,380</u>
Long-term liabilities:	
Compensated absences payable	<u>3,753</u>
Total liabilities	<u>49,133</u>
Net assets:	
Unrestricted	<u>11,749</u>
Total net assets	<u><u>\$ 11,749</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Nonmajor Enterprise Fund
Operating revenues:	
Tuition and fees	\$ 412,619
Other	37
Total operating revenues	412,656
 Operating expenses:	
Personal services	335,091
Contractual services	7,598
Materials and supplies	22,214
Other	1,509
Depreciation	226
Total operating expenses	366,638
 Operating income/change in net assets	46,018
 Net assets (deficit) at beginning of year (restated)	(34,269)
 Net assets at end of year	\$ 11,749

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Nonmajor Enterprise Fund
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 412,619
Cash received from other operations	37
Cash payments for personal services	(341,732)
Cash payments for contractual services	(7,890)
Cash payments for materials and supplies	(20,453)
Cash payments for other expenses	(1,509)
	41,072
Net cash provided by operating activities	41,072
Net increase in cash and cash equivalents	41,072
Cash and cash equivalents at beginning of year (restated)	19,810
Cash and cash equivalents at end of year	\$ 60,882
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 46,018
Adjustments:	
Depreciation	226
Changes in assets and liabilities:	
Increase in accounts payable	1,469
Increase in accrued wages and benefits	6,194
(Decrease) in intergovernmental payable	(25,367)
Increase in compensated absences payable	2,894
Increase in pension obligation payable	9,638
	9,638
Net cash provided by operating activities	\$ 41,072

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2011

	Private Purpose Trust	Agency
	Special Trust	
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 16,148	\$ 202,966
Investments	89,498	-
Receivables:		
Accounts	-	659
Accrued interest	2,846	-
	108,492	203,625
Total assets	108,492	\$ 203,625
Liabilities:		
Intergovernmental payable	\$ -	\$ 44,488
Due to students	-	159,137
	-	203,625
Total liabilities	-	\$ 203,625
Net assets:		
Held in trust for scholarships	108,492	
	108,492	
Total net assets	\$ 108,492	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Special Trust
Additions:	
Interest	\$ 1,826
Gifts and contributions	(1,810)
Total additions	16
Deductions:	
Scholarships awarded	2,256
Change in net assets	(2,240)
Net assets at beginning of year	110,732
Net assets at end of year	\$ 108,492

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Marysville Exempted Village School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 239 noncertified and approximately 373 certified teaching personnel and administrative employees providing education to 5,345 students.

The District provides regular and special instruction. The District also provides support services for pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental and proprietary activities and to its enterprise fund provided it does not conflict with or contradict GASB pronouncements. The District has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise fund, subject to this same limitation. The District has elected not to apply this guidance. The District's significant accounting policies are described below.

A. Reporting Entity

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

JOINTLY GOVERNED ORGANIZATION

Tri-Rivers Educational Computer Association (TRECA)

TRECA is a jointly governed organization among 21 school districts. TRECA was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of member districts. Each of the governments of these schools supports TRECA based upon a per pupil charge, dependent upon the software package utilized. TRECA is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. In the event of the dissolution of TRECA, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions. Financial information is available from Mike Carder, Director, at 100 Executive Drive, Marion, Ohio 43302. During fiscal year 2011, the District paid \$153,217 to TRECA for its services.

Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School District is a political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on the board. To obtain financial information write to the Ohio Hi-Point Vocational School, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

INSURANCE PURCHASING POOL

Workers' Compensation Group Rating Program

The District participates in a Workers' Compensation Group Rating Program (GRP) administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program. The District paid \$3,685 in fees during fiscal year 2011.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for and report all the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment.

Permanent improvement fund - This fund is used to account for and report all financial resources to be used for the acquisition of major capital assets (other than that financed by proprietary funds).

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's only proprietary fund:

Enterprise Fund - These funds are used to account for and report all operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is used to account for school day care.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore are not available to support the District's own programs. The District's only trust fund is a private purpose trust that accounts for scholarship programs for students. The District's agency funds account for various student-managed activity programs, unclaimed funds, and the District's Section 125 Cafeteria Plan. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund is 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 District finances and meets the cash flow needs of its proprietary activity.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operation. For the District, these revenues are tuition and fees for the school day care program and expenses incurred in operating the school day care program. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, are reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the operating statement as an expense with a like amount reported as intergovernmental revenue.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Budgetary statements are presented beyond that legal level of control for informational purposes only. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following tax year to the Board of Education for consideration and passage. Adoption of a tax budget has been waived by the County Budget Commission.

Estimated Resources

Prior to April 1, unless a later date is approved by the Tax Commissioner, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended certificate of estimated resources issued for fiscal year 2011.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

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

During fiscal year 2011, investments were limited to non-negotiable certificates of deposit (CDs), negotiable CDs, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$37,934 which includes \$22,634 assigned from other District funds.

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

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

G. Inventory

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 year. The District maintains a capitalization threshold of \$1,000. Contributed capital assets are recorded at their fair market values as of the date received. The 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. Interest incurred during the construction of capital assets is not capitalized.

Furniture, fixtures and equipment acquired by the proprietary fund is stated at cost (or estimated historical cost). Contributed capital assets are recorded at their fair market values as of the date received.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	10 - 20 years
Buildings and improvements	50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	8 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as "due to/from other funds". These amounts are eliminated in the governmental type activities columns of the statement of net assets.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

K. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; (i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future). Employees may earn 15 days of sick leave per year up to a maximum of 248 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 64 days. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees any age with 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee's retirement/resignation has been incurred by fiscal year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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 consist of amounts for food service and other grants.

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

O. Estimates

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

R. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized bond issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11.A.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, and GASB Statement No. 59, “*Financial Instruments Omnibus*”.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. In addition, a fund reclassification has been made to report the food service fund as a nonmajor special revenue fund rather than an enterprise fund. The fees received by this fund are not designed to cover all costs associated with the operation of the food service program. The fund is largely supported by intergovernmental grants and entitlements and should be reported as a special revenue governmental fund rather than an enterprise fund.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 309,093	\$ 1,149,071	\$ 4,024,977	\$ 1,850,151	\$ 7,333,292
Fund reclassifications:					
Food service fund	-	-	-	129,287	129,287
Uniform school supplies fund	103,752	-	-	-	103,752
Public school support fund	<u>124,212</u>	<u>-</u>	<u>-</u>	<u>(124,212)</u>	<u>-</u>
Total fund reclassifications	<u>227,964</u>	<u>-</u>	<u>-</u>	<u>5,075</u>	<u>233,039</u>
Restated fund balance at July 1, 2010	<u>\$ 537,057</u>	<u>\$ 1,149,071</u>	<u>\$ 4,024,977</u>	<u>\$ 1,855,226</u>	<u>\$ 7,566,331</u>

These fund reclassifications had the following effect on the District's governmental activities and business-type activities as previously reported:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets as previously reported	\$ 13,081,886	\$ 947,959
Fund reclassifications:		
Food service fund	129,287	(129,287)
Capital assets, net	803,892	(803,892)
Long-term compensated absences	(54,703)	54,703
Uniform school supplies fund	<u>103,752</u>	<u>(103,752)</u>
Fund reclassification	<u>982,228</u>	<u>(982,228)</u>
Restated net assets at July 1, 2010	<u>\$ 14,064,114</u>	<u>\$ (34,269)</u>

C. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
General	\$ 1,223,385
 <u>Nonmajor funds</u>	
Auxiliary services	2,080
Miscellaneous state grants	129
Title I	4,083

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. Except for the miscellaneous state grants fund, the deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$1,782,285. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2011, \$1,720,337 of the District's bank balance of \$2,065,835 was exposed to custodial credit risk as discussed below, while \$345,498 was covered by the FDIC.

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>Greater than 24 months</u>
Money market funds	\$ 6,171,652	\$ 6,171,652	\$ -
Negotiable CDs	500,975	-	500,975
FNMA	2,001,095	-	2,001,095
FHLMC	100,225	-	100,225
STAR Ohio	<u>90,397</u>	<u>90,397</u>	<u>-</u>
Total	<u>\$ 8,864,344</u>	<u>\$ 6,262,049</u>	<u>\$ 2,602,295</u>

The weighted average maturity of investments is 1.03 years.

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific obligation or debt of the District, investments of the District will be limited to those maturing in five years or less from the date of settlement.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The money market funds and negotiable CDs were rated AAA by Standard & Poor's. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Money market funds	\$ 6,171,652	69.63
Negotiable CDs	500,975	5.65
FNMA	2,001,095	22.57
FHLMC	100,225	1.13
STAR Ohio	<u>90,397</u>	<u>1.02</u>
Total	<u>\$ 8,864,344</u>	<u>100.00</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,782,285
Investments	<u>8,864,344</u>
Total	<u>\$ 10,646,629</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 10,277,135
Business-type activities	60,882
Private-purpose trust fund	105,646
Agency fund	<u>202,966</u>
Total	<u>\$ 10,646,629</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** At June 30, 2011, a receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds, classified as “due to/from other funds”, was reported between the general fund and the miscellaneous state grants nonmajor special revenue fund in the amount of \$129. The interfund balance is expected to be repaid once the anticipated revenues are received, and is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund transfers for the fiscal year 2011 consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Building nonmajor capital projects fund	\$ 62,864
 <u>Transfers from permanent improvement fund to:</u>	
Bond retirement fund	<u>2,768,226</u>
Total	<u>\$ 2,831,090</u>

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The \$62,864 transfers from the general fund to the building nonmajor capital projects fund is required to fund the debt service requirement in the fund which reports the liability. The permanent improvement fund made transfers to the bond retirement fund in the amount of \$2,768,226, to pay principal and interest on the general obligation bonds.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Union County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$2,207,063 in the general fund, \$355,413 in the bond retirement fund, and \$236,224 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$3,875,539 in the general fund, \$596,660 in the bond retirement fund, and \$406,464 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2011 First Half Collections		2010 Second Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 653,830,160	94.91	\$ 641,830,750	94.83
Public utility personal	<u>35,035,830</u>	<u>5.09</u>	<u>35,008,550</u>	<u>5.17</u>
Total	<u>\$ 688,865,990</u>	<u>100.00</u>	<u>\$ 676,839,300</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	58.06		58.06	

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Union County has entered into agreements with property owners under which Union County has granted property tax abatements to those property owners and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to Union County to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The District received \$1,289,749 in payments in lieu of taxes during fiscal year 2011 and a receivable of \$1,025,330 has been reported on the fund financial statements and the statement of net assets.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

Governmental activities:	
Property taxes	\$ 27,258,282
Payment in lieu of taxes	1,025,330
Accounts	53,195
Accrued interest	8,283
Intergovernmental	<u>1,103,141</u>
Total receivables	<u>\$ 29,448,231</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 8 – RECEIVABLES – (continued)

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes and payments in lieu of taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

NOTE 9 - CAPITAL ASSETS

Capital assets of the governmental activities and business-type activities have been restated at June 30, 2010 to include the capital assets of the business-type activities that have been reclassified into governmental activities (see Note 3.B. for detail). Capital asset activity for governmental and business-type activities for the fiscal year ended June 30, 2011, was as follows:

	(Restated) Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,355,496	\$ -	\$ -	\$ 6,355,496
Total capital assets, not being depreciated	<u>6,355,496</u>	<u>-</u>	<u>-</u>	<u>6,355,496</u>
Capital assets, being depreciated:				
Land improvements	4,368,567	-	-	4,368,567
Building and improvements	114,961,895	2,503	-	114,964,398
Furniture, fixtures and equipment	17,640,727	425,322	(202,045)	17,864,004
Vehicles	3,001,260	235,312	(216,957)	3,019,615
Total capital assets, being depreciated	<u>139,972,449</u>	<u>663,137</u>	<u>(419,002)</u>	<u>140,216,584</u>
Less: accumulated depreciation				
Land improvements	(2,665,127)	(189,458)	-	(2,854,585)
Building and improvements	(19,797,267)	(2,304,731)	-	(22,101,998)
Furniture, fixtures and equipment	(11,971,535)	(922,610)	197,915	(12,696,230)
Vehicles	(1,765,951)	(242,631)	195,261	(1,813,321)
Total accumulated depreciation	<u>(36,199,880)</u>	<u>(3,659,430)</u>	<u>393,176</u>	<u>(39,466,134)</u>
Governmental activities capital assets, net	<u>\$ 110,128,065</u>	<u>\$ (2,996,293)</u>	<u>\$ (25,826)</u>	<u>\$ 107,105,946</u>
Business-type activities:				
Capital assets, being depreciated:				
Furniture, fixtures and equipment	\$ 1,130	\$ -	\$ -	\$ 1,130
Less: accumulated depreciation				
Furniture, fixtures and equipment	<u>(904)</u>	<u>(226)</u>	<u>-</u>	<u>(1,130)</u>
Business-type activities capital assets, net	<u>\$ 226</u>	<u>\$ (226)</u>	<u>\$ -</u>	<u>\$ -</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS - (Continued)

At June 30, 2011, the District had two buildings which were not being utilized due to the opening of the new middle school building during fiscal year 2009. The old middle school building is scheduled to be removed and reopened if necessary based on student enrollment and the East Elementary building will be reopened if necessary due to increased student enrollment or changes in the kindergarten program. The carrying value of the old middle school and East elementary buildings at year-end were \$2,946,004 and \$895,377, respectively.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,868,465
Special	249,220
Vocational	35,620
Support Services:	
Pupil	196,522
Instructional staff	561,813
Administration	208,292
Fiscal	31,173
Business	33,321
Operations and maintenance	70,905
Pupil transportation	237,054
Central	920
Other non-instructional services	5,001
Food service operations	90,217
Extracurricular	<u>70,907</u>
Total depreciation expense	<u>\$ 3,659,430</u>

NOTE 10 - CAPITALIZED LEASES

The District leases building and land improvements under capital lease obligations. The cost of the capital assets obtained under capital leases is \$2,016,000 which is included in the governmental activities capital assets and the related liability is included in the governmental activities long-term liabilities.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 157,662
2013	157,314
2014	156,737
2015	155,953
2016	154,961
2017 - 2021	778,884
2022 - 2023	<u>310,529</u>
Total minimum lease payments	1,872,040
Less: amount representing interest	<u>(448,040)</u>
Total	<u>\$ 1,424,000</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS

A. Long-term obligations of the governmental activities and business-type activities have been restated at June 30, 2010 to include the compensated absences of the business-type activities that have been reclassified into governmental activities (see Note 3.B. for detail). The District's long-term obligations activity during fiscal year 2011 consisted of the following:

	(Restated) Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011	Amounts Due Within One Year
Governmental Activities:					
<u>General obligation bonds</u>					
Refunding new elementary 3.4-5.15%	\$ 5,812,973	\$ -	\$ (690,000)	\$ 5,122,973	\$ 850,000
Fifth/sixth elementary 5.79%	1,159,222	-	(235,000)	924,222	111,509
New elementary and middle school 4.35-5.375%	459,995	-	(225,000)	234,995	-
Refunding fifth/sixth elementary 3.60%	11,719,974	-	(230,000)	11,489,974	240,000
Refunding new high school 1.2-14.16%	109,999	-	(109,999)	-	-
Refunding school improvement 3.25-5%	36,439,966	-	(1,370,000)	35,069,966	1,415,000
School improvement/refunding 3.5-5%	37,094,984	-	(1,455,000)	35,639,984	1,350,000
Subtotal general obligation bonds	<u>92,797,113</u>	<u>-</u>	<u>(4,314,999)</u>	<u>88,482,114</u>	<u>3,966,509</u>
Premium bonds	3,020,259	-	(151,013)	2,869,246	-
Deferred amount on refunding	(2,157,499)	-	107,875	(2,049,624)	-
Interest accretion	<u>5,969,214</u>	<u>1,183,223</u>	<u>(170,000)</u>	<u>6,982,437</u>	<u>-</u>
Total general obligation bonds	<u>99,629,087</u>	<u>1,183,223</u>	<u>(4,528,137)</u>	<u>96,284,173</u>	<u>3,966,509</u>
<u>Other long-term obligations:</u>					
Energy conservation notes	485,000	-	(70,000)	415,000	75,000
Early retirement incentive	-	733,010	-	733,010	244,337
Compensated absences	3,170,114	1,025,652	(655,705)	3,540,061	610,192
Capital lease payable	<u>1,511,000</u>	<u>-</u>	<u>(87,000)</u>	<u>1,424,000</u>	<u>92,000</u>
Total other long-term obligations	<u>5,166,114</u>	<u>1,758,662</u>	<u>(812,705)</u>	<u>6,112,071</u>	<u>1,021,529</u>
Total	<u>\$ 104,795,201</u>	<u>\$ 2,941,885</u>	<u>\$ (5,340,842)</u>	<u>\$ 102,396,244</u>	<u>\$ 4,988,038</u>
Business-type Activities:					
Compensated absences	<u>\$ 8,879</u>	<u>\$ 8,530</u>	<u>\$ (5,636)</u>	<u>\$ 11,773</u>	<u>\$ 8,020</u>
Total business-type activities	<u>\$ 8,879</u>	<u>\$ 8,530</u>	<u>\$ (5,636)</u>	<u>\$ 11,773</u>	<u>\$ 8,020</u>

Capital lease obligation - Refer to Note 10 to the notes to the basic financial statements for detail on the capital lease obligation.

Compensated absences - Compensated absences will be paid from the fund from which the person is paid, which, for governmental activities, is primarily the general fund, the food service and Title I nonmajor special revenues funds, and, for business-type activities, the school day care fund.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Early retirement incentive (ERI) - The District Board of Education has approved an early retirement incentive for certified and classified employees. Employees who elected to participate in the ERI will receive a payment for their unused sick leave, to the extent allowed by the current labor agreement along with a payment ranging from \$20,000 to \$45,000. The payment for the ERI will be paid out over a three-year period beginning in fiscal year 2012. The total liability for the ERI at June 30, 2011 was \$733,010 of which \$244,674 is due within one year and \$488,336 is due in greater than one year. The liability is recorded in the governmental activities statement of net assets as a component of “long-term liabilities”.

Energy conservation project - the District has issued energy conservation notes to provide financing for energy improvements to various District buildings. Payments of principal and interest on the energy conservation notes are reported as expenditures in the bond retirement fund.

- B.** Principal and interest requirements to retire the general obligation bonds and energy conservation notes are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			Energy Conservation Notes		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 3,966,509	\$ 4,154,245	\$ 8,120,754	\$ 75,000	\$ 18,309	\$ 93,309
2013	3,129,497	5,011,950	8,141,447	80,000	14,550	94,550
2014	3,129,680	5,002,345	8,132,025	85,000	10,549	95,549
2015	2,456,855	5,753,501	8,210,356	85,000	6,426	91,426
2016	2,278,475	5,943,125	8,221,600	90,000	2,183	92,183
2017 - 2021	16,801,235	23,794,246	40,595,481	-	-	-
2022 - 2026	27,624,863	13,027,383	40,652,246	-	-	-
2027 - 2030	29,095,000	2,778,906	31,873,906	-	-	-
Total	<u>\$88,482,114</u>	<u>\$ 65,465,701</u>	<u>\$153,947,815</u>	<u>\$ 415,000</u>	<u>\$ 52,017</u>	<u>\$ 467,017</u>

C. Defeased Debt

In December 1993, the District defeased \$6,165,000 of general obligation bonds for the high school building, dated April 1, 1990, through the issuance of \$6,084,999 of general obligation bonds for the high school building. The net proceeds of the 1993 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which were fully retired during fiscal year 2011, were not included in the District’s outstanding debt since the District had in-substance satisfied its obligations through the advance refunding.

In March 2001, the District defeased \$7,669,538 of general obligation bonds for the new elementary additions, dated October 1, 1995, through the issuance of \$7,667,973 of general obligation bonds for the new elementary additions. The net proceeds of the 2001 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$5,364,599 at June 30, 2011, are not included in the District’s outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

In March 2002, the District defeased \$13,335,000 of general obligation bonds for the fifth/sixth elementary building, dated March 1, 2000, through the issuance of \$13,334,974 of general obligation bonds for the fifth/sixth elementary building. The net proceeds of the 2002 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$13,335,000 at June 30, 2011, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In September 2005, the District defeased \$41,425,000 of certificates of participation for school improvements, dated March 2, 2005, through the issuance of \$40,284,966 of general obligation bonds for school improvements. The net proceeds of the 2005 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded certificates. The refunded certificates, which have an outstanding balance of \$37,360,000 at June 30, 2011, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In February 2006, the District defeased \$12,350,000 of general obligation bonds for a new elementary and Raymond middle school improvements, dated December 1, 2000, through the issuance of \$12,349,984 of general obligation bonds for school improvements. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,350,000 at June 30, 2011, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

D. Legal Debt Margin

Under current State statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9 percent of the total assessed value of real and personal property with certain exceptions. One such exception is to receive a special needs district certification from the Superintendent of Public Instruction. The District was certified as a special needs district on June 29, 2005 and as a result may incur net indebtedness by issuance of securities in an amount that does not exceed 9% of the projected increase of its tax valuation in during the next ten years.

NOTE 12 - NOTES PAYABLE

Note payable activity of the District for the fiscal year ended June 30, 2011, was as follows:

<u>Note Payable</u>	<u>Interest Rate</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Energy conservation note	2.00%	\$645,000	\$ -	\$(645,000)	\$ -
Energy conservation note	2.25%	<u>-</u>	<u>595,000</u>	<u>-</u>	<u>595,000</u>
		<u>\$645,000</u>	<u>\$595,000</u>	<u>\$(695,000)</u>	<u>\$595,000</u>

On May 19, 2011, the District retired the \$645,000 energy conservation note and reissued an energy conservation note in the amount of \$595,000. The maturity date of the 2011 note issue is May 17, 2012.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$890,028, \$1,036,341 and \$803,751, respectively; 57.23 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

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.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 14 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$3,024,223, \$2,895,483 and \$3,031,604, respectively; 81.93 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$130,323 made by the District and \$93,088 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$222,791, \$152,325 and \$483,651, respectively; 57.23 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$57,275, \$61,929 and \$66,979, respectively; 57.23 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" 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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$232,633, \$222,729 and \$233,200, respectively; 81.93 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 533,821
Net adjustment for revenue accruals	(1,706,575)
Net adjustment for expenditure accruals	(304,994)
Net adjustment for other sources/uses	(479,861)
Funds budgeted elsewhere	(101,440)
Adjustment for encumbrances	298,607
GAAP basis	<u>\$ (1,760,442)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies and the public school support fund.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

NOTE 18 - SET ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	785,068	785,068
Contributions in excess of the current fiscal year set-aside requirement		
Current year qualifying expenditures	(493,383)	(23,837)
Excess qualified expenditures from prior years	(112,550)	-
Current year offsets	<u>(217,009)</u>	<u>(3,223,138)</u>
Total	<u>\$ (37,874)</u>	<u>\$ (2,461,907)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 18 - SET ASIDES - (Continued)

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 193,754
Permanent improvement fund	18,848
Other governmental funds	<u>81,250</u>
Total	\$ <u>293,852</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Breakfast Program	N/A	10.553	\$ 108,969	\$ -	\$ 108,969	\$ -
National School Lunch Program	N/A	10.555	551,587	122,549	551,587	122,549
Total Nutrition Cluster			<u>660,556</u>	<u>122,549</u>	<u>660,556</u>	<u>122,549</u>
Total U.S. Department of Agriculture			<u>660,556</u>	<u>122,549</u>	<u>660,556</u>	<u>122,549</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Title I Cluster:						
Title I Grants to Local Educational Agencies	N/A	84.010	444,173	-	497,627	-
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	N/A	84.389	103,442	-	93,194	-
Total Title I Cluster			<u>547,615</u>	<u>-</u>	<u>590,821</u>	<u>-</u>
Special Education Cluster:						
Special Education - Grants to States	N/A	84.027	773,221	-	813,114	-
Special Education - Preschool Grants	N/A	84.173	5,961	-	5,961	-
ARRA - Special Education Grants to States, Recovery Act	N/A	84.391	451,193	-	564,586	-
ARRA - Special Education Preschool Grants, Recovery Act	N/A	84.392	-	-	1,747	-
Total Special Education Cluster			<u>1,230,375</u>	<u>-</u>	<u>1,385,408</u>	<u>-</u>
Safe and Drug Free Schools and Communities - State Grants	N/A	84.186	354	-	808	-
Education Technology State Grants	N/A	84.318	4,314	-	4,652	-
English Language Acquisition Grants	N/A	84.365	1,069	4,512	777	4,512
Improving Teacher Quality State Grants	N/A	84.367	125,070	-	135,161	-
School Improvement Grants	N/A	84.377	10,560	-	10,744	-
ARRA - State Fiscal Stabilization Fund - Education State Grants	N/A	84.394	1,223,442	-	1,223,442	-
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants	N/A	84.395	31,167	-	20,370	-
Total U.S. Department of Education			<u>3,173,966</u>	<u>4,512</u>	<u>3,372,183</u>	<u>4,512</u>
U.S. DEPARTMENT OF TRANSPORTATION						
<i>Passed Through Ohio Department of Transportation:</i>						
ARRA - Highway Planning and Construction (Safe Routes to Schools)	85671 & 84137	20.205	6,950	-	6,950	-
Total U.S. Department of Transportation			<u>6,950</u>	<u>-</u>	<u>6,950</u>	<u>-</u>
Total Federal Awards			<u>\$ 3,841,472</u>	<u>\$ 127,061</u>	<u>\$ 4,039,689</u>	<u>\$ 127,061</u>

The accompanying notes are an integral part of this schedule.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

The District used the services of DJ Co-ops to hold, process, and deliver its federal commodities at a nominal rate.

NOTE D – NONCASH AWARDS

The District had the following federal non-cash receipts and non-cash disbursements which were received and disbursed by the Educational Service Center of Central Ohio on behalf of the District for fiscal year 2011:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Non-Cash Receipts</u>	<u>Non-Cash Disbursements</u>
English Language Acquisition Grants	84.365	\$4,512	\$4,512

NOTE E – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
Title I Grants in Local Educational Agencies	84.010	\$11,822
Safe & Drug Free Schools & Communities State Grants	84.186	5
Education Technology State Grants	84.318	337
School Improvement Grants	84.377	405



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marysville Exempted Village School District, Union County, Ohio (the District) as of and for the fiscal year ended June 30, 2011 which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2011, wherein we noted that the District implemented GASB Statement No. 54 which resulted in a restatement of fund balances and net assets and implemented GASB Statement No. 59, as disclosed in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

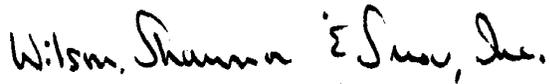
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Marysville Exempted Village School District
Union County
Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*
Page 2

However, we noted certain matters involving internal control over financial reporting or compliance and other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 21, 2011.

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

A handwritten signature in black ink that reads "Wilson, Sherman & Sons, Inc." The signature is written in a cursive, slightly slanted style.

Newark, Ohio
December 21, 2011



Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

Compliance

We have audited the compliance of the Marysville Exempted Village School District, Union County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the 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 Marysville Exempted Village School District, Union County 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 fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings and Responses lists this instance as Finding 2011-01.

Internal Control over Compliance

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

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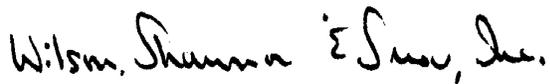
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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance 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 was not designed to 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and responses as item 2011-01. A significant deficiency in internal control over compliance is a deficiency of combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Newark, Ohio
December 21, 2011

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 §.505**

JUNE 30, 2011

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 weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies 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 weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in its internal control for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	<p>Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Preschool Grants \ CFDA #84.173, Special Education Grants to States, Recovery Act \ CFDA #84.391, and Special Education Preschool Grants, Recovery Act \ CFDA #84.392.</p> <p>Nutrition Cluster: National School Breakfast Program \ CFDA #10.552, and national school Lunch Program \ CFDA #10.555.</p> <p>State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act \CFDA #84.394.</p>
<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?	No

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 §.505**

JUNE 30, 2011

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

None.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2011-01
CFDA Title and Number	Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Preschool Grants \ CFDA #84.173, Special Education Grants to States, Recovery Act \ CFDA #84.391, and Special Education Preschool Grants, Recovery Act \ CFDA #84.392. State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act \CFDA #84.394.
Federal Award Number/Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Reporting

Section 1512 of the American Recovery Reinvestment Act (ARRA), as required by the Federal Office of Management and Budget, requires testing for prime recipients. Although the District is not considered a prime recipient of ARRA money, the Ohio Department of Education requires Section 1512 testing for any school/entity receiving ARRA-Special Education Grants to States, Recovery Act Recovery Act money from the Ohio Department of Education (ODE).

The Ohio Department of Education requires that any vendor which receives a single payment greater than \$25,000 must report the expenditure on the ODE ARRA Subrecipient Vendor Report. Furthermore, the Ohio Department of Education requires the District to develop internal controls to ensure Full-Time Equivalency (FTE) information is reasonable and complete.

We noted the following issues while testing the Reporting compliance requirement associated with ARRA-Special Education Grants to States, Recovery Act money, and State Fiscal Stabilization Fund:

State Fiscal Stabilization Fund

<u>Date</u>	<u>Check #</u>	<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
10/09/09	105070	TRECA	\$37,335	Data Acquisition Services

Special Education Cluster

<u>Date</u>	<u>Check #</u>	<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
06/03/11	111665	Smart Ed Services	\$35,194	Technology Learning Equipment

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 §.505**

JUNE 30, 2011

3. FINDINGS FOR FEDERAL AWARDS - Continued

Finding Number	2011-01 (Continued)
CFDA Title and Number	Special Education Cluster: Special Education Grants to States \ CFDA #84.027, Special Education Preschool Grants \ CFDA #84.173, Special Education Grants to States, Recovery Act \ CFDA #84.391, and Special Education Preschool Grants, Recovery Act \ CFDA #84.392. State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act \CFDA #84.394.
Federal Award Number/Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

We noted the District did not properly report the proper Full-Time Equivalency information related to the ARRA-Special Education Grants to States, Recovery Act to the Ohio Department of Education, noting salaries were paid for the third quarter of calendar year 2010 and FTE's were not reported. .

Official's Response:

The District will take the necessary corrective actions to report this information to the Ohio Department of Education.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF PRIOR FINDINGS AND RESPONSES
OMB CIRCULAR A-133 §.505**

JUNE 30, 2011

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding <u>No Longer Valid: Explain</u>
2010-01	Reporting – Section 1512 reporting of subrecipient vendors and FTE information	No	Reissued as Finding 2011-01



Independent Auditors' Report on Applying Agreed-Upon Procedures

Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

To the Board of Education:

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

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

1. We noted the District amended its anti-harassment policy at its meeting on September 29, 2011 to include violence within a dating relationship within its definitions of harassment, intimidation or bullying.

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 21, 2011

Wilson, Shannon & Snow, Inc.

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Dave Yost • Auditor of State

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 24, 2012