

**MARYSVILLE EXEMPTED VILLAGE
SCHOOL DISTRICT**

UNION COUNTY

SINGLE AUDIT

JULY 1, 2011 - JUNE 30, 2012





Dave Yost • Auditor of State

Board of Education
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, 2011 through June 30, 2012. 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.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 5, 2013

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**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, 2012, 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, 2012, 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 3A, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 57 "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*" and GASB Statement No. 64 "*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53.*"

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2013, 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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Newark, Ohio 43055

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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
March 27, 2013

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012. 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 2012 are as follows:

- In total, net assets decreased \$1,344,916. Net assets of governmental activities decreased \$1,372,397, which represents an 11.22% decrease from 2011. Net assets of business-type activities increased \$27,481 or 233.90% from 2011.
- General revenues accounted for \$52,204,940 in revenue or 87.37% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$7,548,651 or 12.63% of total governmental activities revenues of \$59,753,591.
- The District had \$61,125,988 in expenses related to governmental activities; only \$7,548,651 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 \$52,204,940 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 \$44,972,487 in revenues and other financing sources, and \$46,022,845 in expenditures and other financing uses. The fund balance of the general fund decreased from a deficit of \$1,223,385 to a deficit of \$2,273,743.
- Another major governmental fund is the bond retirement fund. The bond retirement fund had \$7,838,292 in revenues and other financing sources and \$8,199,405 in expenditures. The fund balance of the bond retirement fund decreased from \$642,691 to \$281,578.
- The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had \$4,062,863 in revenues and \$3,358,419 in expenditures and other financing uses. The fund balance of the permanent improvement fund increased from \$3,240,725 to \$3,945,169.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 2012?" 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 14-15 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 16-20 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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 21-23 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 24 and 25. 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 26-56 of this report.

The District as a Whole

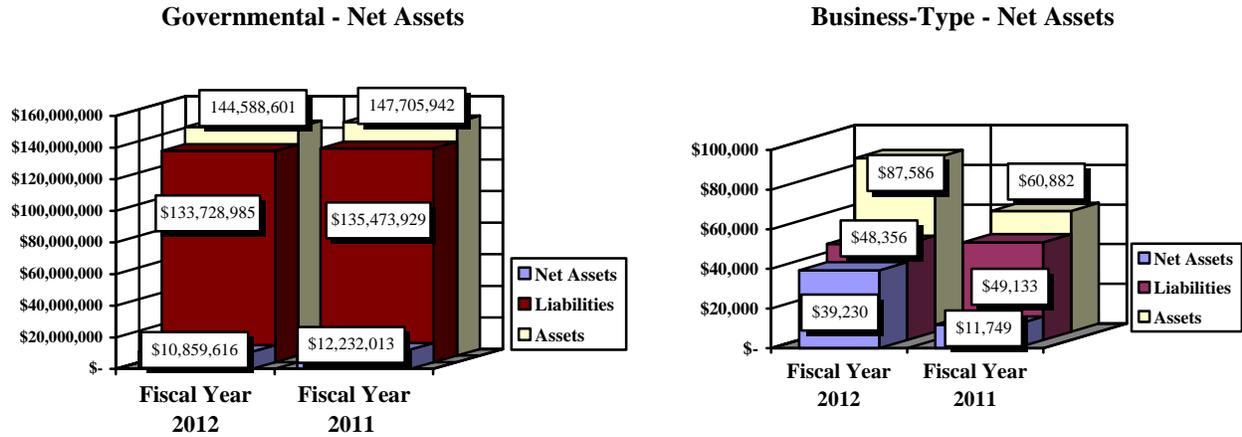
Recall that the statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2012 and 2011.

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>Assets</u>						
Current assets	\$ 40,874,160	\$ 40,599,996	\$ 87,586	\$ 60,882	\$ 40,961,746	\$ 40,660,878
Capital assets, net	<u>103,714,441</u>	<u>107,105,946</u>	<u>-</u>	<u>-</u>	<u>103,714,441</u>	<u>107,105,946</u>
Total assets	<u>144,588,601</u>	<u>147,705,942</u>	<u>87,586</u>	<u>60,882</u>	<u>144,676,187</u>	<u>147,766,824</u>
<u>Liabilities</u>						
Current liabilities	33,891,573	33,077,685	37,735	37,360	33,929,308	33,115,045
Long-term liabilities	<u>99,837,412</u>	<u>102,396,244</u>	<u>10,621</u>	<u>11,773</u>	<u>99,848,033</u>	<u>102,408,017</u>
Total liabilities	<u>133,728,985</u>	<u>135,473,929</u>	<u>48,356</u>	<u>49,133</u>	<u>133,777,341</u>	<u>135,523,062</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	16,898,172	15,370,210	-	-	16,898,172	15,370,210
Restricted	6,494,391	6,635,524	-	-	6,494,391	6,635,524
Unrestricted (deficit)	<u>(12,532,947)</u>	<u>(9,773,721)</u>	<u>39,230</u>	<u>11,749</u>	<u>(12,493,717)</u>	<u>(9,761,972)</u>
Total net assets	<u>\$ 10,859,616</u>	<u>\$ 12,232,013</u>	<u>\$ 39,230</u>	<u>\$ 11,749</u>	<u>\$ 10,898,846</u>	<u>\$ 12,243,762</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

The graph below shows the District's assets, liabilities and net assets at June 30, 2012 and 2011.



The table below shows the changes in net assets for fiscal years 2012 and 2011.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services and sales	\$ 2,695,597	\$ 2,687,593	\$ 420,230	\$ 412,619	\$ 3,115,827	\$ 3,100,212
Operating grants and contributions	4,666,911	7,094,181	-	-	4,666,911	7,094,181
Capital grants and contributions	186,143	26,376	-	-	186,143	26,376
General revenues:						
Property taxes	27,173,388	26,156,994	-	-	27,173,388	26,156,994
Grants and entitlements not restricted	24,768,158	24,885,334	-	-	24,768,158	24,885,334
Investment earnings	28,148	40,399	-	-	28,148	40,399
Miscellaneous	235,246	217,140	-	37	235,246	217,177
Total revenues	59,753,591	61,108,017	420,230	412,656	60,173,821	61,520,673

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<u>Expenses</u>						
Program expenses:						
Instruction:	\$ 31,467,498	\$ 31,842,321	\$ -	\$ -	\$ 31,467,498	\$ 31,842,321
Support services:						
Pupil	3,639,390	3,493,078	-	-	3,639,390	3,493,078
Instructional staff	4,437,030	5,114,616	-	-	4,437,030	5,114,616
Board of education	163,064	239,936	-	-	163,064	239,936
Administration	3,561,476	3,752,154	-	-	3,561,476	3,752,154
Fiscal	1,214,419	1,196,392	-	-	1,214,419	1,196,392
Business	665,989	718,088	-	-	665,989	718,088
Operations and maintenance	4,674,745	5,057,277	-	-	4,674,745	5,057,277
Pupil transportation	2,424,530	2,307,844	-	-	2,424,530	2,307,844
Central	327,359	527,255	-	-	327,359	527,255
Operation of non-instructional services:						
Other non-instructional services	98,409	215,474	-	-	98,409	215,474
Food service operations	2,268,262	2,064,654	-	-	2,268,262	2,064,654
Extracurricular activities	1,102,263	1,105,144	-	-	1,102,263	1,105,144
Interest and fiscal charges	5,081,554	5,305,885	-	-	5,081,554	5,305,885
Special enterprise-day care	-	-	392,749	366,638	392,749	366,638
Total expenses	<u>61,125,988</u>	<u>62,940,118</u>	<u>392,749</u>	<u>366,638</u>	<u>61,518,737</u>	<u>63,306,756</u>
Changes in net assets	(1,372,397)	(1,832,101)	27,481	46,018	(1,344,916)	(1,786,083)
Net assets (deficit) at beginning 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>
Net assets (deficit) at end of year	<u>\$ 10,859,616</u>	<u>\$ 12,232,013</u>	<u>\$ 39,230</u>	<u>\$ 11,749</u>	<u>\$ 10,898,846</u>	<u>\$ 12,243,762</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$1,372,397. The primary reason for this decrease is due to the variance in the amount of the property tax advance available at June 30, 2012 and June 30, 2011, which amounted to \$1,873,543 and \$2,798,700, respectively. The tax advance available is reported as revenue in the basic financial statements.

Total governmental expenses of \$61,125,988 were offset by program revenues of \$7,548,651, and general revenues of \$52,204,940. Program revenues supported 12.35% of the total governmental expenses.

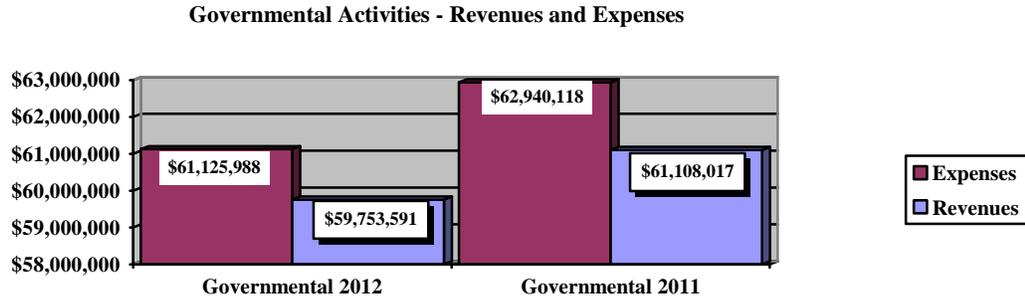
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 86.93% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$31,467,498 or 51.48% of total governmental expenses for fiscal year 2012.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2012 and 2011.



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 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

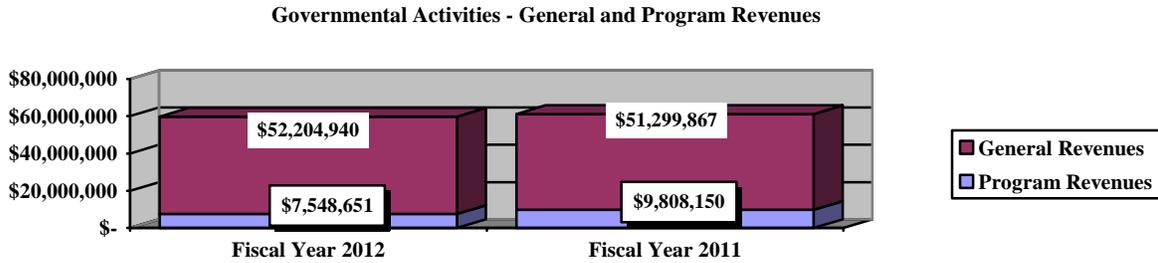
	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 31,467,498	\$ 27,631,975	\$ 31,842,321	\$ 26,618,066
Support services:				
Pupil	3,639,390	3,466,954	3,493,078	3,254,842
Instructional staff	4,437,030	4,261,892	5,114,616	4,675,913
Board of education	163,064	163,064	239,936	238,714
Administration	3,561,476	3,384,088	3,752,154	3,442,678
Fiscal	1,214,419	1,214,419	1,196,392	1,143,897
Business	665,989	665,989	718,088	673,313
Operations and maintenance	4,674,745	4,523,157	5,057,277	4,648,372
Pupil transportation	2,424,530	2,297,589	2,307,844	2,039,206
Central	327,359	318,512	527,255	473,608
Operation of non-instructional services:				
Other non-instructional services	98,409	(55,307)	215,474	65,704
Food service operations	2,268,262	82,890	2,064,654	(67,491)
Extracurricular activities	1,102,263	540,561	1,105,144	619,261
Interest and fiscal charges	5,081,554	5,081,554	5,305,885	5,305,885
Total expenses	\$ 61,125,988	\$ 53,577,337	\$ 62,940,118	\$ 53,131,968

The dependence upon tax revenues during fiscal year 2012 for governmental activities is apparent, as 85.41% of 2012 total governmental expenses 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, 2012
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.



Business-Type Activities

Business-type activities include the special enterprise-day care operations. This program had revenues of \$420,230 and expenses of \$392,749 for fiscal year 2012. 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 16) reported a combined fund balance of \$4,107,959, which is \$642,303 lower than last year's total of \$4,750,262. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	Fund Balance (Deficit) <u>June 30, 2012</u>	Fund Balance (Deficit) <u>June 30, 2011</u>	Increase (Decrease)
General	\$ (2,273,743)	\$ (1,223,385)	\$ (1,050,358)
Bond retirement	281,578	642,691	(361,113)
Permanent improvement	3,945,169	3,240,725	704,444
Other governmental	<u>2,154,955</u>	<u>2,090,231</u>	<u>64,724</u>
Total	<u>\$ 4,107,959</u>	<u>\$ 4,750,262</u>	<u>\$ (642,303)</u>

General Fund

The District's general fund balance decreased \$1,050,358 during fiscal year 2012. The table that follows assists in illustrating the revenues of the general fund.

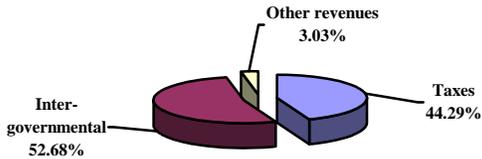
	<u>2012</u> Amount	<u>2011</u> Amount	Percentage <u>Change</u>
Revenues			
Taxes	\$ 19,916,777	\$ 19,125,961	4.13 %
Intergovernmental	23,693,522	23,656,837	0.16 %
Other revenues	<u>1,360,758</u>	<u>1,357,769</u>	0.22 %
Total	<u>\$ 44,971,057</u>	<u>\$ 44,140,567</u>	1.88 %

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

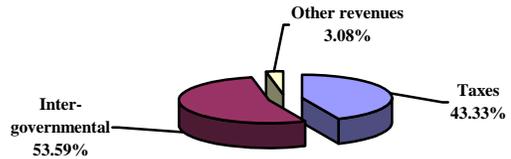
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Tax revenue increased slightly, with an increase of only 4.13%. 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 0.16%. Other revenues as remained relatively unchanged with an increase of only 0.22%.

Revenues - Fiscal Year 2012



Revenues - Fiscal Year 2011

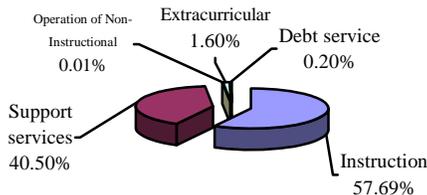


The table that follows assists in illustrating the expenditures of the general fund.

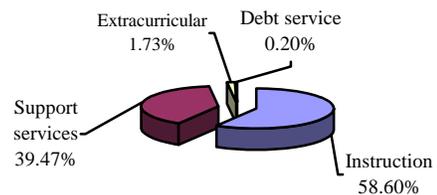
	2012 <u>Amount</u>	2011 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 26,515,429	\$ 26,860,984	(1.29) %
Support services	18,614,968	18,094,963	2.87 %
Operation of non-instructional services	390	-	100.00 %
Extracurricular activities	735,436	791,618	(7.10) %
Debt service	93,309	92,280	1.12 %
Total	<u>\$ 45,959,532</u>	<u>\$ 45,839,845</u>	0.26 %

Instruction expenditures remained relatively consistent with 2012 experiencing decreases primarily attributable to the District trying to tightly control costs. The increase in support services is due to anticipated administration salary/wage increased costs. Overall the expenditures of the District increased just 0.26% during fiscal year 2012.

Expenditures - Fiscal Year 2012



Expenditures - Fiscal Year 2011



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Bond Retirement Fund

Another major governmental fund is the bond retirement fund. The bond retirement fund had \$7,838,292 in revenues and other financing sources and \$8,199,405 in expenditures. The fund balance of the bond retirement fund decreased from \$642,691 to \$281,578.

Permanent Improvement Fund

The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had \$4,062,863 in revenues and \$3,358,419 in expenditures and other financing uses. The fund balance of the permanent improvement fund increased from \$3,240,725 to \$3,945,169.

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 2012, the District amended its general fund budget. For the general fund, final budgeted revenues and other financing sources of \$46,149,592 were \$660,000 more than original budgeted revenues and other financing sources of \$45,489,592. Actual revenues and other financing sources of \$46,140,847 were \$8,745 below the final budget.

General fund final appropriations were \$47,757,593. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$47,606,371, which was \$151,222 less than the final budget appropriations. The final appropriations were the same as the original appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the District had \$103,714,441 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. \$103,714,441 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 2012 balances compared to 2011:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 6,355,496	\$ 6,355,496	\$ -	\$ -	\$ 6,355,496	\$ 6,355,496
Land improvements	1,335,649	1,513,982	-	-	1,335,649	1,513,982
Buildings and improvements	90,557,483	92,862,400	-	-	90,557,483	92,862,400
Furniture and equipment	4,367,741	5,167,774	-	-	4,367,741	5,167,774
Vehicles	<u>1,098,072</u>	<u>1,206,294</u>	<u>-</u>	<u>-</u>	<u>1,098,072</u>	<u>1,206,294</u>
Total	<u>\$ 103,714,441</u>	<u>\$ 107,105,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,714,441</u>	<u>\$ 107,105,946</u>

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Debt Administration

At June 30, 2012 the District had \$94,045,930 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, \$3,305,498 is due within one year and \$90,740,432 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>2012</u>	<u>2011</u>
Current interest bonds	\$ 75,860,000	\$ 79,715,000
Capital appreciation bonds	8,655,605	8,767,114
Capital appreciation bonds - accreted interest	7,858,325	6,982,437
Capital lease	1,332,000	1,424,000
Energy conservation project	<u>340,000</u>	<u>415,000</u>
Total	<u>\$ 94,045,930</u>	<u>\$ 97,303,551</u>

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

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 November 2012, District residents voted down a five-year 4 mill levy to provide for current expenses of the District.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

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.

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

STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents. . .	\$ 8,398,255	\$ 78,878	\$ 8,477,133
Investments.	1,751,245	-	1,751,245
Receivables:			
Property taxes	28,508,196	-	28,508,196
Payment in lieu of taxes	903,174	-	903,174
Accounts.	3,242	8,708	11,950
Accrued interest	7,032	-	7,032
Intergovernmental	518,329	-	518,329
Prepayments	77,965	-	77,965
Materials and supplies inventory.	13,902	-	13,902
Unamortized bond issuance costs	692,820	-	692,820
Capital assets:			
Land and construction in progress.	6,355,496	-	6,355,496
Depreciable capital assets, net.	97,358,945	-	97,358,945
Capital assets, net.	<u>103,714,441</u>	<u>-</u>	<u>103,714,441</u>
Total assets.	<u>144,588,601</u>	<u>87,586</u>	<u>144,676,187</u>
Liabilities:			
Accounts payable.	192,501	3,707	196,208
Accrued wages and benefits	5,335,758	5,761	5,341,519
Intergovernmental payable	262,338	1,132	263,470
Pension obligation payable.	1,135,367	27,135	1,162,502
Unearned revenue	26,113,691	-	26,113,691
Accrued interest payable	306,918	-	306,918
Notes payable	545,000	-	545,000
Long-term liabilities:			
Due within one year.	4,535,645	6,328	4,541,973
Due in more than one year.	95,301,767	4,293	95,306,060
Total liabilities	<u>133,728,985</u>	<u>48,356</u>	<u>133,777,341</u>
Net Assets:			
Invested in capital assets, net of related debt.	16,898,172	-	16,898,172
Restricted for:			
Capital projects	5,912,978	-	5,912,978
Debt service.	184,327	-	184,327
State funded programs.	24,286	-	24,286
Federally funded programs	15,340	-	15,340
Student activities	142,879	-	142,879
Other purposes	214,581	-	214,581
Unrestricted (deficit).	<u>(12,532,947)</u>	<u>39,230</u>	<u>(12,493,717)</u>
Total net assets	<u>\$ 10,859,616</u>	<u>\$ 39,230</u>	<u>\$ 10,898,846</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 24,864,067	\$ 442,199	\$ 206,483	\$ 186,143	\$ (24,029,242)	\$ -	\$ (24,029,242)
Special	5,715,715	54,604	2,835,076	-	(2,826,035)	-	(2,826,035)
Vocational	617,408	-	111,018	-	(506,390)	-	(506,390)
Other	270,308	-	-	-	(270,308)	-	(270,308)
Support services:							
Pupil.	3,639,390	123,184	49,252	-	(3,466,954)	-	(3,466,954)
Instructional staff	4,437,030	13,102	162,036	-	(4,261,892)	-	(4,261,892)
Board of education	163,064	-	-	-	(163,064)	-	(163,064)
Administration.	3,561,476	-	177,388	-	(3,384,088)	-	(3,384,088)
Fiscal.	1,214,419	-	-	-	(1,214,419)	-	(1,214,419)
Business.	665,989	-	-	-	(665,989)	-	(665,989)
Operations and maintenance	4,674,745	151,588	-	-	(4,523,157)	-	(4,523,157)
Pupil transportation.	2,424,530	20,964	105,977	-	(2,297,589)	-	(2,297,589)
Central	327,359	285	8,562	-	(318,512)	-	(318,512)
Operation of non-instructional services:							
Other non-instructional services	98,409	104	153,612	-	55,307	-	55,307
Food service operations	2,268,262	1,327,865	857,507	-	(82,890)	-	(82,890)
Extracurricular activities.	1,102,263	561,702	-	-	(540,561)	-	(540,561)
Interest and fiscal charges	5,081,554	-	-	-	(5,081,554)	-	(5,081,554)
Total governmental activities	<u>61,125,988</u>	<u>2,695,597</u>	<u>4,666,911</u>	<u>186,143</u>	<u>(53,577,337)</u>	<u>-</u>	<u>(53,577,337)</u>
Business-type activities:							
Special enterprise - day care	392,749	420,230	-	-	-	27,481	27,481
Total business-type activities	<u>392,749</u>	<u>420,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,481</u>	<u>27,481</u>
Totals	<u>\$ 61,518,737</u>	<u>\$ 3,115,827</u>	<u>\$ 4,666,911</u>	<u>\$ 186,143</u>	<u>(53,577,337)</u>	<u>27,481</u>	<u>(53,549,856)</u>
General Revenues:							
Property taxes levied for:							
General purposes					20,067,807	-	20,067,807
Debt service.					3,567,129	-	3,567,129
Capital outlay.					2,151,221	-	2,151,221
Payment in lieu of taxes					1,387,231	-	1,387,231
Grants and entitlements not restricted							
to specific programs					24,768,158	-	24,768,158
Investment earnings					28,148	-	28,148
Miscellaneous					235,246	-	235,246
Total general revenues					<u>52,204,940</u>	<u>-</u>	<u>52,204,940</u>
Change in net assets					(1,372,397)	27,481	(1,344,916)
Net assets at beginning of year					<u>12,232,013</u>	<u>11,749</u>	<u>12,243,762</u>
Net assets at end of year					<u>\$ 10,859,616</u>	<u>\$ 39,230</u>	<u>\$ 10,898,846</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<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.	\$ 3,226,765	\$ -	\$ 3,775,184	\$ 1,396,306	\$ 8,398,255
Investments.	-	-	-	1,751,245	1,751,245
Receivables:					
Property taxes.	21,988,402	4,200,796	2,318,998	-	28,508,196
Payment in lieu of taxes	-	-	903,174	-	903,174
Accounts	3,101	-	-	141	3,242
Accrued interest	4,005	-	-	3,027	7,032
Intergovernmental.	90,535	-	-	427,794	518,329
Interfund loans	106,991	-	-	-	106,991
Prepayments.	32,945	-	45,020	-	77,965
Materials and supplies inventory.	-	-	-	13,902	13,902
Total assets	<u>\$ 25,452,744</u>	<u>\$ 4,200,796</u>	<u>\$ 7,042,376</u>	<u>\$ 3,592,415</u>	<u>\$ 40,288,331</u>
Liabilities:					
Accounts payable	\$ 146,170	\$ -	\$ 30,587	\$ 15,744	\$ 192,501
Accrued wages and benefits.	4,876,610	-	-	459,148	5,335,758
Intergovernmental payable	243,942	-	-	18,396	262,338
Compensated absences payable	227,648	-	-	9,712	237,360
Early retirement incentive payable	525,000	-	-	22,227	547,227
Pension obligation payable	1,061,280	-	-	74,087	1,135,367
Interfund loans payable.	-	-	-	106,991	106,991
Deferred revenue	1,192,301	208,435	117,248	184,923	1,702,907
Unearned revenue.	19,453,536	3,710,783	2,949,372	-	26,113,691
Accrued interest payable	-	-	-	1,232	1,232
Notes payable.	-	-	-	545,000	545,000
Total liabilities.	<u>27,726,487</u>	<u>3,919,218</u>	<u>3,097,207</u>	<u>1,437,460</u>	<u>36,180,372</u>
Fund Balances:					
Nonspendable:					
Materials and supplies inventory.	-	-	-	13,902	13,902
Prepayments.	32,945	-	45,020	-	77,965
Restricted:					
Debt service	-	281,578	-	-	281,578
Capital improvements	-	-	3,900,149	1,848,206	5,748,355
Food service operations	-	-	-	248,822	248,822
Non-public schools	-	-	-	24,286	24,286
Extracurricular.	-	-	-	142,879	142,879
Other purposes.	-	-	-	53,290	53,290
Unassigned (deficit).	(2,306,688)	-	-	(176,430)	(2,483,118)
Total fund balances (deficit).	<u>(2,273,743)</u>	<u>281,578</u>	<u>3,945,169</u>	<u>2,154,955</u>	<u>4,107,959</u>
Total liabilities and fund balances.	<u>\$ 25,452,744</u>	<u>\$ 4,200,796</u>	<u>\$ 7,042,376</u>	<u>\$ 3,592,415</u>	<u>\$ 40,288,331</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, 2012

Total governmental fund balances		\$	4,107,959
<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.			103,714,441
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	1,424,611	
Accrued interest receivable		5,859	
Intergovernmental receivable		272,437	
Total		1,702,907	1,702,907
Unamortized bond issuance costs are not recognized in the funds.			692,820
Unamortized premiums on bond issuance are not recognized in the funds.			(2,718,233)
Unamortized amounts on refundings are not recognized in the funds.			1,941,749
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(305,686)
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 (including accretion)		92,373,930	
Capital lease obligation		1,332,000	
Compensated absences		3,380,293	
Early retirement incentive		850,118	
Energy conservation note		340,000	
Total		98,276,341	(98,276,341)
Net assets of governmental activities		\$	10,859,616

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 (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<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	\$ 19,916,777	\$ 3,509,391	\$ 2,135,660	\$ -	\$ 25,561,828
Payment in lieu of taxes	-	440,000	947,231	-	1,387,231
Tuition	224,528	-	-	-	224,528
Transportation fees	20,964	-	-	-	20,964
Earnings on investments	31,331	-	-	10,782	42,113
Charges for services	-	-	-	1,327,865	1,327,865
Extracurricular	465,850	-	-	273,551	739,401
Classroom materials and fees	231,251	-	-	-	231,251
Rental income	151,588	-	-	-	151,588
Contributions and donations	276	-	-	5,319	5,595
Other local revenues	234,970	-	-	175,000	409,970
Intergovernmental - state	23,616,389	1,902,138	979,972	182,285	26,680,784
Intergovernmental - federal	77,133	-	-	3,243,889	3,321,022
Total revenues	<u>44,971,057</u>	<u>5,851,529</u>	<u>4,062,863</u>	<u>5,218,691</u>	<u>60,104,140</u>
Expenditures:					
Current:					
Instruction:					
Regular	22,179,551	-	339,732	215,074	22,734,357
Special	3,494,235	-	-	1,987,228	5,481,463
Vocational	589,821	-	63	1,390	591,274
Other	251,822	-	-	-	251,822
Support services:					
Pupil	3,392,138	-	-	49,806	3,441,944
Instructional staff	3,264,511	-	508,355	183,016	3,955,882
Board of education	163,064	-	-	-	163,064
Administration	3,202,790	-	-	179,483	3,382,273
Fiscal	1,057,101	78,651	48,913	-	1,184,665
Business	606,782	-	31,058	-	637,840
Operations and maintenance	4,451,231	-	121,649	-	4,572,880
Pupil transportation	2,164,548	-	160,744	-	2,325,292
Central	312,803	-	-	12,800	325,603
Operation of non-instructional services:					
Other non-instructional services	390	-	-	127,602	127,992
Food service operations	-	-	-	2,155,668	2,155,668
Extracurricular activities	735,436	-	-	283,703	1,019,139
Facilities acquisition and construction	-	-	3,480	8,505	11,985
Debt service:					
Principal retirement	75,000	3,966,509	92,000	-	4,133,509
Interest and fiscal charges	18,309	4,154,245	65,662	13,005	4,251,221
Total expenditures	<u>45,959,532</u>	<u>8,199,405</u>	<u>1,371,656</u>	<u>5,217,280</u>	<u>60,747,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(988,475)</u>	<u>(2,347,876)</u>	<u>2,691,207</u>	<u>1,411</u>	<u>(643,733)</u>
Other financing sources (uses):					
Sale of assets	1,430	-	-	-	1,430
Transfers in	-	1,986,763	-	63,313	2,050,076
Transfers (out)	(63,313)	-	(1,986,763)	-	(2,050,076)
Total other financing sources (uses)	<u>(61,883)</u>	<u>1,986,763</u>	<u>(1,986,763)</u>	<u>63,313</u>	<u>1,430</u>
Net change in fund balances	(1,050,358)	(361,113)	704,444	64,724	(642,303)
Fund balances (deficit) at beginning 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>
Fund balances (deficit) at end of year	<u>\$ (2,273,743)</u>	<u>\$ 281,578</u>	<u>\$ 3,945,169</u>	<u>\$ 2,154,955</u>	<u>\$ 4,107,959</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 (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds \$ (642,303)

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	\$ 206,777	
Current year depreciation	(3,587,405)	
Total	(3,380,628)	(3,380,628)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (10,877)

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

Property taxes	224,329	
Earnings on investments	(1,922)	
Intergovernmental	(567,097)	
Total	(344,690)	(344,690)

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. 4,133,509

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	40,907	
Accreted interest on capital appreciation bonds	(875,888)	
Amortization of bond issuance costs	(107,875)	
Amortization of bond premiums	151,013	
Amortization of deferred charges	(38,490)	
Total	(830,333)	(830,333)

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. (297,075)

Change in net assets of governmental activities \$ (1,372,397)

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, 2012

	<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	\$ 20,310,321	\$ 20,605,000	\$ 20,687,427	\$ 82,427
Tuition	279,938	284,000	225,003	(58,997)
Transportation fees	24,642	25,000	20,964	(4,036)
Earnings on investments	34,499	35,000	34,610	(390)
Extracurricular	212,911	216,000	289,729	73,729
Classroom materials and fees	252,541	256,205	236,534	(19,671)
Rental income	183,586	186,250	155,421	(30,829)
Contributions and donations	1,971	2,000	276	(1,724)
Other local revenues	303,204	307,600	250,903	(56,697)
Intergovernmental - intermediate	2,464	2,500	-	(2,500)
Intergovernmental - state	23,256,118	23,593,537	23,616,389	22,852
Intergovernmental - federal	88,713	90,000	77,133	(12,867)
Total revenues	<u>44,950,908</u>	<u>45,603,092</u>	<u>45,594,389</u>	<u>(8,703)</u>
Expenditures:				
Current:				
Instruction:				
Regular	22,185,697	22,185,697	22,283,073	(97,376)
Special	3,906,816	3,906,816	3,691,198	215,618
Vocational	619,784	619,784	631,039	(11,255)
Other	131,639	131,639	290,975	(159,336)
Support services:				
Pupil	3,321,503	3,321,503	3,341,726	(20,223)
Instructional staff	3,536,740	3,536,740	3,447,887	88,853
Board of education	241,913	241,913	177,215	64,698
Administration	3,149,613	3,149,613	3,292,236	(142,623)
Fiscal	1,160,445	1,160,445	1,087,324	73,121
Business	653,213	653,213	649,087	4,126
Operations and maintenance	4,714,428	4,714,428	4,619,755	94,673
Pupil transportation	2,231,937	2,231,937	2,219,324	12,613
Central	489,966	489,966	330,535	159,431
Extracurricular activities	707,741	707,741	736,384	(28,643)
Debt service:				
Principal retirement	670,000	670,000	670,000	-
Interest and fiscal charges	36,158	36,158	31,622	4,536
Total expenditures	<u>47,757,593</u>	<u>47,757,593</u>	<u>47,499,380</u>	<u>258,213</u>
Excess of expenditures over revenues	<u>(2,806,685)</u>	<u>(2,154,501)</u>	<u>(1,904,991)</u>	<u>249,510</u>
Other financing sources (uses):				
Refund of prior year expenditures	-	-	28	28
Sale of notes	537,206	545,000	545,000	-
Advances (out)	-	-	(106,991)	(106,991)
Sale of capital assets	1,478	1,500	1,430	(70)
Total other financing sources (uses)	<u>538,684</u>	<u>546,500</u>	<u>439,467</u>	<u>(107,033)</u>
Net change in fund balance	(2,268,001)	(1,608,001)	(1,465,524)	142,477
Fund balance at beginning of year	3,939,376	3,939,376	3,939,376	-
Prior year encumbrances appropriated	298,607	298,607	298,607	-
Fund balance at end of year	<u>\$ 1,969,982</u>	<u>\$ 2,629,982</u>	<u>\$ 2,772,459</u>	<u>\$ 142,477</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	<u>Business-Type Activities - Nonmajor Enterprise Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 78,878
Receivables:	
Accounts	<u>8,708</u>
Total assets.	<u>87,586</u>
Liabilities:	
Current liabilities:	
Accounts payable.	3,707
Accrued wages and benefits	5,761
Compensated absences.	6,328
Pension obligation payable.	27,135
Intergovernmental payable	<u>1,132</u>
Total current liabilities	<u>44,063</u>
Long-term liabilities:	
Compensated absences payable	<u>4,293</u>
Total liabilities	<u>48,356</u>
Net assets:	
Unrestricted.	<u>39,230</u>
Total net assets	<u><u>\$ 39,230</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, 2012

	Business-Type Activities - Nonmajor Enterprise Fund
Operating revenues:	
Tuition and fees	\$ 420,230
Total operating revenues	<u>420,230</u>
 Operating expenses:	
Personal services	350,128
Contractual services	8,699
Materials and supplies	30,242
Other	3,680
Total operating expenses	<u>392,749</u>
 Operating income/change in net assets	 27,481
 Net assets at beginning of year	 <u>11,749</u>
 Net assets at end of year	 <u>\$ 39,230</u>

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, 2012

	Business-Type Activities - Nonmajor Enterprise Fund
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 411,522
Cash payments for personal services	(349,366)
Cash payments for contractual services	(9,345)
Cash payments for materials and supplies	(31,449)
Cash payments for other expenses	(3,366)
	17,996
Net cash provided by operating activities	17,996
Net increase in cash and cash equivalents	17,996
Cash and cash equivalents at beginning of year . . .	60,882
Cash and cash equivalents at end of year	\$ 78,878
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 27,481
Changes in assets and liabilities:	
(Increase) in accounts receivable	(8,708)
(Decrease) in accounts payable	(1,539)
(Decrease) in accrued wages and benefits	(15,486)
(Decrease) in intergovernmental payable	(97)
(Decrease) in compensated absences payable	(1,152)
Increase in pension obligation payable	17,497
	17,497
Net cash provided by operating activities	\$ 17,996

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Private Purpose Trust	
	Special Trust	Agency
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 85,180	\$ 250,043
Investments	23,153	-
Receivables:		
Accounts	-	280
Accrued interest.	1,332	-
Total assets.	109,665	\$ 250,323
Liabilities:		
Intergovernmental payable	-	\$ 54,696
Due to students.	-	195,627
Total liabilities	-	\$ 250,323
Net assets:		
Held in trust for scholarships	109,665	
Total net assets	\$ 109,665	

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, 2012

	Private Purpose Trust
	Special Trust
Additions:	
Earnings on investments	\$ 2,303
Gifts and contributions.	3,870
Total additions.	6,173
Deductions:	
Scholarships awarded	5,000
Change in net assets.	1,173
Net assets at beginning of year	108,492
Net assets at end of year.	\$ 109,665

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, 2012**

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 230 noncertified and approximately 371 certified teaching personnel and administrative employees providing education to 5,315 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, 2012**

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

JOINTLY GOVERNED ORGANIZATIONS

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 2012, the District paid \$104,651 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.

Union County Council of Governments (COG)

The District, Union County, and the City of Marysville (the "Members") formed the COG on January 26, 2012 to collaborate, share resources, reduce costs, centralize supervision and enhance the provision of technology services to its Members. The COG was established pursuant to Ohio Revised Code, Chapter 167. The COG is governed by a Governing Board consisting of the Superintendent of Marysville Exempted Village School District, the Mayor of the City of Marysville, and the President of the Board of Union County Commissioners. The degree of control exercised by each participating Member is limited to its representation on the Governing Board. Financial information is available from Union County, who serves as fiscal agent, at 223 West Sixth Street, Marysville, Ohio 43040.

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 \$4,110 in fees during fiscal year 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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:

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 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 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 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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, 2012, but which were levied to finance fiscal year 2013 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, 2012, 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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 2012.

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.

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 2012, investments were limited to non-negotiable certificates of deposit (CDs), money market accounts, 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 2012. 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, 2012.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Under existing Ohio statutes, interest earnings are allocated 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 2012 amounted to \$31,331 which includes \$16,264 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 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.

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2012, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

Description	Estimated Lives
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 are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental type activities columns of the statement of net assets.

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, certified and classified employees will receive 25 percent, and administration will receive 30 percent 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, 2012 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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.

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. During fiscal year 2012, there were no transfers between governmental and business-type activities.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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 2012.

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.

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 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
General	\$2,273,743
 <u>Nonmajor funds</u>	
IDEA Part-B	103,384
Title I	60,423
Improving teacher quality	12,623

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. 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;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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;
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, 2012, the carrying amount of all District deposits was \$3,545,674. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$3,430,744 of the District's bank balance of \$3,710,267 was exposed to custodial credit risk as discussed below, while \$279,523 was covered by the FDIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

B. Investments

As of June 30, 2012, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Money market funds	\$ 3,199,046	\$ 3,199,046	\$ -	\$ -	\$ -	\$ -
Negotiable CD's	2,750,788	1,249,745	748,993	250,985	-	501,065
FNMA	1,000,810	-	-	-	-	1,000,810
STAR Ohio	90,436	90,436	-	-	-	-
Total	\$ 7,041,080	\$ 4,539,227	\$ 748,993	\$ 250,985	\$ -	\$ 1,501,875

The weighted average maturity of investments is 1.00 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 by Standard & Poor's. 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 AA+ 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Money market funds	\$ 3,199,046	45.44
Negotiable CD's	2,750,788	39.07
FNMA	1,000,810	14.21
STAR Ohio	<u>90,436</u>	<u>1.28</u>
Total	<u>\$ 7,041,080</u>	<u>100.00</u>

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, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,545,674
Investments	<u>7,041,080</u>
Total	<u>\$ 10,586,754</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 10,149,500
Business-type activities	78,878
Private-purpose trust fund	108,333
Agency fund	<u>250,043</u>
Total	<u>\$ 10,586,754</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Education jobs nonmajor special revenue fund	<u>\$ 106,991</u>

Interfund loans receivable/payable are short-term interfund loans, and are expected to be repaid in the subsequent fiscal year. The primary purpose of these interfund loans is to cover costs where revenues were not received by June 30. The interfund loans will be repaid once the anticipated revenues are received. Interfund loans receivable/payable between governmental funds are eliminated and are not reported on the government-wide 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, 2012

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund transfers for the fiscal year 2012 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	\$ 63,313
<u>Transfers from permanent improvement fund to:</u>	
Bond retirement fund	1,986,763
Total	\$ 2,050,076

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. Transfers from the permanent improvement fund to the bond retirement fund are to provide allowable resources for the retirement of debt service issued for capital related debt.

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 and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

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, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$1,436,413 in the general fund, \$281,578 in the bond retirement fund and \$155,552 in the permanent improvement fund. This amount is recorded as revenue. The amount available for 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. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 641,830,750	94.83	\$ 653,830,160	94.91
Public utility personal	<u>35,008,550</u>	<u>5.17</u>	<u>35,035,830</u>	<u>5.09</u>
Total	<u>\$ 676,839,300</u>	<u>100.00</u>	<u>\$ 688,865,990</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 \$1,387,231 in payments in lieu of taxes during fiscal year 2012 and a receivable of \$903,174 has been reported on the fund financial statements and 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, 2012**

NOTE 8 - RECEIVABLES

Receivables at June 30, 2012 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	\$ 28,508,196
Payment in lieu of taxes	903,174
Accounts	3,242
Accrued interest	7,032
Intergovernmental	518,329

Business type activities:

Accounts	<u>8,708</u>
Total receivables	<u><u>\$ 29,948,681</u></u>

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - CAPITAL ASSETS

Capital asset activity for governmental and business-type activities for the fiscal year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
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	114,964,398	-	-	114,964,398
Furniture, fixtures and equipment	17,864,004	54,385	(359,751)	17,558,638
Vehicles	3,019,615	152,392	(108,771)	3,063,236
Total capital assets, being depreciated	<u>140,216,584</u>	<u>206,777</u>	<u>(468,522)</u>	<u>139,954,839</u>
Less: accumulated depreciation				
Land improvements	(2,854,585)	(178,333)	-	(3,032,918)
Building and improvements	(22,101,998)	(2,304,917)	-	(24,406,915)
Furniture, fixtures and equipment	(12,696,230)	(854,418)	359,751	(13,190,897)
Vehicles	(1,813,321)	(249,737)	97,894	(1,965,164)
Total accumulated depreciation	<u>(39,466,134)</u>	<u>(3,587,405)</u>	<u>457,645</u>	<u>(42,595,894)</u>
Governmental activities capital assets, net	<u>\$ 107,105,946</u>	<u>\$ (3,380,628)</u>	<u>\$ (10,877)</u>	<u>\$ 103,714,441</u>
Business-type activities:				
Capital assets, being depreciated:				
Furniture, fixtures and equipment	\$ 1,130	\$ -	\$ -	\$ 1,130
Less: accumulated depreciation				
Furniture, fixtures and equipment	(1,130)	-	-	(1,130)
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2012, 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; however it may be reopened if necessary based on student enrollment. 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 fiscal year-end were \$2,838,303 and \$850,993, respectively.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,868,038
Special	212,414
Vocational	40,512
Support Services:	
Pupil	209,423
Instructional staff	517,999
Administration	205,454
Fiscal	31,710
Business	29,604
Operations and maintenance	72,657
Pupil transportation	242,360
Central	1,009
Other non-instructional services	4,278
Food service operations	90,555
Extracurricular	<u>61,392</u>
Total depreciation expense	<u>\$ 3,587,405</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, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 157,314
2014	156,737
2015	155,953
2016	154,961
2017	156,689
2018 - 2022	777,062
2023	<u>155,662</u>
Total minimum lease payments	1,714,378
Less: amount representing interest	<u>(382,378)</u>
Total	<u>\$ 1,332,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 11 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations activity during fiscal year 2012 consisted of the following:

	Balance			Balance	Amounts
	<u>June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2012</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
<u>General obligation bonds</u>					
Refunding new elementary 3.4-5.15%	\$ 5,122,973	\$ -	\$ (850,000)	\$ 4,272,973	\$ 51,534
Fifth/sixth elementary 5.79%	924,222	-	(111,509)	812,713	112,235
New elementary and middle school 4.35-5.375%	234,995	-	-	234,995	40,729
Refunding fifth/sixth elementary 3.60%	11,489,974	-	(240,000)	11,249,974	250,000
Refunding school improvement 3.25-5%	35,069,966	-	(1,415,000)	33,654,966	1,470,000
School improvement/refunding 3.5-5%	35,639,984	-	(1,350,000)	34,289,984	1,205,000
Subtotal general obligaton bonds	<u>88,482,114</u>	<u>-</u>	<u>(3,966,509)</u>	<u>84,515,605</u>	<u>3,129,498</u>
Unamortized premium on bond issuances	2,869,246	-	(151,013)	2,718,233	-
Deferred amount on refundings	(2,049,624)	-	107,875	(1,941,749)	-
Capital appreciation bonds interest accretion	6,982,437	1,169,379	(293,491)	7,858,325	-
Total general obligation bonds	<u>96,284,173</u>	<u>1,169,379</u>	<u>(4,303,138)</u>	<u>93,150,414</u>	<u>3,129,498</u>
<u>Other long-term obligations:</u>					
Energy conservation notes	415,000	-	(75,000)	340,000	80,000
Early retirement incentive	733,010	908,672	(244,337)	1,397,345	547,227
Compensated absences	3,540,061	871,444	(793,852)	3,617,653	682,920
Capital lease payable	1,424,000	-	(92,000)	1,332,000	96,000
Total other long-term obligations	<u>6,112,071</u>	<u>1,780,116</u>	<u>(1,205,189)</u>	<u>6,686,998</u>	<u>1,406,147</u>
Total	<u>\$ 102,396,244</u>	<u>\$ 2,949,495</u>	<u>\$ (5,508,327)</u>	<u>\$ 99,837,412</u>	<u>\$ 4,535,645</u>
Business-type Activities:					
Compensated absences	\$ 11,773	\$ 10,621	\$ (11,773)	\$ 10,621	\$ 6,328
Total business-type activities	<u>\$ 11,773</u>	<u>\$ 10,621</u>	<u>\$ (11,773)</u>	<u>\$ 10,621</u>	<u>\$ 6,328</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, education jobs, IDEA Part-B, Title I and improving teacher quality 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, 2012

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Early retirement incentive (ERI) - The District Board of Education approved an early retirement incentive for certified and classified employees for fiscal years 2011 and 2012. 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 of \$20,000-\$45,000. The payment for the ERI will be paid out over a three-year period beginning in fiscal year 2011 and in 2012. The total liability for the ERI at June 30, 2012 was \$1,397,345 of which \$547,227 is due within one year and \$850,118 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 general 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
2013	\$ 3,129,498	\$ 5,011,950	\$ 8,141,448	\$ 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	1,935,246	6,240,060	8,175,306	-	-	-
2018 - 2022	19,139,484	21,443,126	40,582,610	-	-	-
2023 - 2027	30,236,367	10,352,068	40,588,435	-	-	-
2028 - 2030	22,210,000	1,565,281	23,775,281	-	-	-
Total	<u>\$84,515,605</u>	<u>\$ 61,311,456</u>	<u>\$145,827,061</u>	<u>\$ 340,000</u>	<u>\$ 33,708</u>	<u>\$ 373,708</u>

C. Defeased Debt

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 \$5,098,612 at June 30, 2012, are not included in the District’s outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

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, 2012, 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, 2012**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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 \$36,260,000 at June 30, 2012, 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 \$12,210,000 at June 30, 2012, 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, 2012, was as follows:

<u>Note Payable</u>	<u>Interest Rate</u>	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Energy conservation note	2.250%	\$ 595,000	\$ -	\$ (595,000)	\$ -
Energy conservation note	1.875%	<u>-</u>	<u>545,000</u>	<u>-</u>	<u>545,000</u>
Total		<u>\$ 595,000</u>	<u>\$ 545,000</u>	<u>\$ (595,000)</u>	<u>\$ 545,000</u>

On May 17, 2012, the District retired the \$595,000 energy conservation note and reissued an energy conservation note in the amount of \$545,000. The maturity date of the 2012 note is May 16, 2013.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the District contracted with Ohio Casualty Insurance Company for various coverages, as follows:

<u>Coverage/Deductible</u>	<u>Aggregate</u>
Fleet Insurance - \$500/Comprehensive 500/Collision	\$1,000,000
Buildings and Contents - \$1,000	
School District Liability (no deductible)	2,000,000
Employee Benefits Liability - \$1,000	3,000,000
School Leaders Errors and Omissions - \$2,500	1,000,000
Umbrella Policy (no deductible)	5,000,000
Crime - \$1,000	100,000
Miscellaneous - \$500	
Computers - \$500	

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There has not been a significant reduction in insurance coverage from the prior fiscal year.

B. Worker's Compensation

The District participates in a Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). 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 workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Employee Group Life, Medical, Dental, and Vision Insurance

The District has elected to provide a comprehensive benefits package to employees through a fully-insured program. The District provides life and health insurance to employees through United Healthcare, dental insurance through Core Source, and vision insurance through VSP.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 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, 2012, 2011 and 2010 were \$978,121, \$890,028 and \$1,036,341, respectively; 66.52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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, 2012**

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 2012, 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, 2012, 2011 and 2010 were \$3,069,321, \$3,024,223 and \$2,895,483, respectively; 84.00 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$126,310 made by the District and \$90,221 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, 2012, 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 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2012, 0.55 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 2012, 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, 2012, 2011 and 2010 were \$153,117, \$222,791 and \$152,325, respectively; 66.52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$57,763, \$57,275 and \$61,929, respectively; 66.52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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 2012, 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, 2012, 2011 and 2010 were \$236,102, \$232,633 and \$222,729, respectively; 84.00 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of 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	\$ (1,465,524)
Net adjustment for revenue accruals	(801,473)
Net adjustment for expenditure accruals	1,399,257
Net adjustment for other sources/uses	(501,350)
Funds budgeted elsewhere	20,840
Adjustment for encumbrances	297,892
GAAP basis	<u>\$ (1,050,358)</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, 2012

NOTE 17 - CONTINGENCIES

A. Grants and ADM

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

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 law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, 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. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	908,473
Current year qualifying expenditures	(182,271)
Current year offsets	<u>(1,830,375)</u>
Total	<u>\$ (1,104,173)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 fiscal year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Fiscal Year-End Encumbrances</u>
General fund	\$ 132,209
Permanent improvement fund	46,193
Other governmental funds	<u>15,237</u>
Total	<u>\$ 193,639</u>

NOTE 20 - SIGNIFICANT SUBSEQUENT EVENTS

On July 26, 2012, the Board of Education approved a resolution to authorize the District Treasurer to enter into a loan agreement on behalf of the District for the Union County Council of Governments (COG). The District's share of the \$400,000 no-interest loan with the Ohio Department of Development is scheduled to be 10.64% of the loan amount or \$69,787.

A 4-mill property tax levy for a period of five years to provide for the current expenses of the District was defeated by voters on November 6, 2012.

On November 27, 2012, the District issued \$10,870,000 School Improvement Refunding Bonds for the purpose of currently refunding \$10,835,000 of the District's outstanding School Improvement Refunding Bonds dated as of March 1, 2002 and also for the purpose of advance refunding \$515,000 of the District's \$3,400,000 School Improvement Bonds dated March 2, 2006.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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	\$ 131,458	\$ -	\$ 131,458	\$ -
National School Lunch Program	N/A	10.555	603,309	106,827	603,309	106,827
Total Nutrition Cluster			<u>734,767</u>	<u>106,827</u>	<u>734,767</u>	<u>106,827</u>
Total U.S. Department of Agriculture			<u>734,767</u>	<u>106,827</u>	<u>734,767</u>	<u>106,827</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	492,443	-	484,347	-
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	N/A	84.389	16,753	-	24,211	-
Total Title I Cluster			<u>509,196</u>	<u>-</u>	<u>508,558</u>	<u>-</u>
Special Education Cluster:						
Special Education - Grants to States	N/A	84.027	946,244	-	956,453	-
Special Education - Preschool Grants	N/A	84.173	5,943	-	5,943	-
ARRA Special Education Grants to States, Recovery Act	N/A	84.391	120,288	-	102,878	-
ARRA Special Education Preschool Grants, Recovery Act	N/A	84.392	1,813	-	5,423	-
Total Special Education Cluster			<u>1,074,288</u>	<u>-</u>	<u>1,070,697</u>	<u>-</u>
Safe and Drug Free Schools and Communities - State Grants	N/A	84.186	75,073	-	75,078	-
Education Technology State Grants	N/A	84.318	3,043	-	3,043	-
English Language Acquisition Grants	N/A	84.365	2,209	3,528	2,501	3,528
Improving Teacher Quality State Grants	N/A	84.367	147,271	-	147,334	-
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants	N/A	84.395	33,842	-	37,266	-
Education Jobs Fund	N/A	84.410	574,736	-	681,726	-
Total U.S. Department of Education			<u>2,419,658</u>	<u>3,528</u>	<u>2,526,203</u>	<u>3,528</u>
Total Federal Awards			<u>\$ 3,154,425</u>	<u>\$ 110,355</u>	<u>\$ 3,260,970</u>	<u>\$ 110,355</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, 2012**

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.

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 2012:

<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	\$3,528	\$3,528



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Required By 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, 2012 which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 27, 2013 wherein we noted the District implemented GASB Statement No. 57 and 64 as disclosed in Note 3A. 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*.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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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 Required by *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 March 27, 2013.

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.

Wilson, Sherman & Sons, Inc.

Newark, Ohio
March 27, 2013



Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by 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 the District's major federal programs for the fiscal year ended June 30, 2012. 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 major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these 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, 2012. 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 2012-01.

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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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 2012-01. A *significant deficiency in internal control over compliance* is a deficiency, or a 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
March 27, 2013

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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

JUNE 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS
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<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>Title I Cluster: Title I Grants to Local Educational Agencies \ CFDA #84.010, Title I Grants to Local Educational Agencies, Recovery Act \ CFDA #84.389</p> <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>Education Jobs \CFDA #84.410.</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, 2012

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

None.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2012-01
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. Education Jobs\CFDA 84.410.
Federal Award Number/Year	2012
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Cash Management

The District was required to request from the Ohio Department of Education (ODE) the payment of project funds utilizing a Project Cash Request Form (PCR). ODE required the PCR to reflect the total amount of project cash expended as of the date of the request in order to help support the need for the request (project cash request instructions – GM/PCR-1). We noted the following instances where the amounts reported on the PCR did not reconcile to the District’s accounting system:

Special Education Grants to States – CFDA #84.027

<u>PCR Request Date</u>	<u>Fund Balance Reported by PCR</u>	<u>PCR Release Date</u>	<u>Fund Balance Reported by District</u>	<u>Variance</u>	<u>ODE Amount Released</u>
01/12/12	(\$15,946.32)	01/31/12	\$11,057.62	\$27,003.94	\$115,946.32
02/24/12	(4,794.92)	03/24/12	(6,571.09)	(1,776.17)	94,794.92
05/03/12	(92,372.54)	05/17/12	(65,368.60)	27,003.94	192,372.54

Education Jobs Grant – CFDA #84.410

<u>PCR Request Date</u>	<u>Fund Balance Reported by PCR</u>	<u>PCR Release Date</u>	<u>Fund Balance Reported by District</u>	<u>Variance</u>	<u>ODE Amount Released</u>
01/12/12	(\$36,185.79)	01/31/12	(13,855.76)	\$22,330.03	111,185.79
02/24/12	(5,506.41)	03/25/12	(6,879.20)	(1,372.79)	80,506.41

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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

JUNE 30, 2012

3. FINDINGS FOR FEDERAL AWARDS - Continued

Finding Number	2012-01 (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. Education Jobs\CFDA 84.410.
Federal Award Number/Year	2012
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Special Education Grants to States, Recovery Act – CFDA #84.391

<u>PCR Request Date</u>	<u>Fund Balance Reported by PCR</u>	<u>PCR Release Date</u>	<u>Fund Balance Reported by District</u>	<u>Variance</u>	<u>ODE Amount Released</u>
07/13/11	(\$54,062.92)	07/24/11	(34,535.63)	\$19,527.29	114,062.92

Based on the above, inaccurate information was reported on the Project Cash Requests.

We recommend the Treasurer ensure expenditures reported on Project Cash Requests are accurate and agree to underlying financial records corresponding to the request date.

Official's Response:

The District will take the necessary corrective actions to report this information accurately to the Ohio Department of Education and maintain proper documentation to support the amounts reported.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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

JUNE 30, 2012

<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>
2011-01	Reporting – Section 1512 reporting of subrecipient vendors and FTE information	Yes	Finding No Longer Applicable.



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
APRIL 18, 2013**