



Dave Yost • Auditor of State

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Classroom Facilities Maintenance Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

January 9, 2014

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Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The discussion and analysis of the Maysville Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2013 are as follows:

- Net position of governmental activities decreased \$2,339,329.
- General revenues accounted for \$14,871,480 in revenue or 67 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$7,221,885, 33 percent of total revenues of \$22,093,365.
- Total assets of governmental activities decreased \$1,874,913. The decrease was due to a decrease in current and other assets in the amount of \$2,087,126 which was offset by an increase in capital assets in the amount of \$212,213. The decrease in current and other assets was due mainly to decreases in cash and cash equivalents. The increase in capital assets was due to the completion of a new administration and preschool facility which was offset by current year depreciation.
- The School District had \$24,432,694 in expenses related to governmental activities; only \$7,221,885 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$14,871,480 were not adequate to provide for these programs.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The

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Management's Discussion and Analysis
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Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the classroom facilities maintenance special revenue fund, and the bond retirement debt service fund.

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

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

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Maysville Local School District, Ohio
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Table 1 - Net Position

	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Assets			
Current and Other Assets	\$8,560,247	\$10,647,373	(\$2,087,126)
Capital Assets	32,670,629	32,458,416	212,213
Total Assets	<u>41,230,876</u>	<u>43,105,789</u>	<u>(1,874,913)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	74,109	82,344	(8,235)
Liabilities			
Long-Term Liabilities	5,481,832	5,542,277	(60,445)
Other Liabilities	3,803,703	3,851,715	(48,012)
Total Liabilities	<u>9,285,535</u>	<u>9,393,992</u>	<u>(108,457)</u>
Deferred Inflows of Resources			
Property Taxes	2,703,986	2,139,348	564,638
Net Position			
Net Investment in Capital Assets	28,556,621	28,290,566	266,055
Restricted	1,386,273	1,470,351	(84,078)
Unrestricted	(627,430)	1,893,876	(2,521,306)
Total Net Position	<u>\$29,315,464</u>	<u>\$31,654,793</u>	<u>(\$2,339,329)</u>

Total assets decreased \$1,874,913. Current and other assets decreased \$2,087,126 which was due mainly to a decrease in cash and cash equivalents in the amount of \$2,608,021. Cash and cash equivalents decreased in the amount of \$1,602,229 due to the completion of the administration and preschool facility during fiscal year 2013 which was paid from the permanent improvement capital projects fund. Cash and cash equivalents also decreased in the amount of \$873,320 in the general fund due to expenses exceeding revenues in fiscal year 2013. The School District has posted an intergovernmental receivable in the amount of \$201,180 for payments owed from E-Rate that normally would have been reimbursed during the year. Also during fiscal year 2013, the Foxfire High School and Foxfire Intermediate School, component units of the School District, experienced a decrease in student enrollment. Due to this decrease in student enrollment at the component unit schools, the fees paid to the School District by the component unit schools decreased which reduced the cash flow of the School District. The \$212,213 increase in capital assets was due to current year equipment purchases and the completion of the administration and preschool facility exceeding current year depreciation.

Total liabilities decreased \$108,457. Long-term liabilities decreased \$60,445 primarily due to the payment of \$205,000 on the School Improvement Refunding General Obligation Serial Bonds and principal payments in the amount of \$225,792 for the athletic complex, copiers, computers, and chiller capital leases. These payments were offset by an addition to capital leases in the amount of \$358,910 and an increase in compensated absences in the amount of \$22,371. The decrease in other liabilities in the amount of \$48,012 was primarily due to a decrease in accounts, contracts, and retainage payable. Deferred inflows of resources for property taxes increased in the amount of \$564,638 due to the change in the second-half collection date by the Muskingum County Auditor. The second-half collection date was historically in August, but in 2012 the collection date was changed to June 29. The collection date was changed again in 2013 to July 5. Due to the second-half collection date of June 29 in 2012, there was a larger amount available for the School District as of fiscal year-end 2012 which was recognized as revenue in fiscal year-end 2012 instead of deferred inflows of resources for property taxes which resulted

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Management's Discussion and Analysis
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in increased property tax revenues for fiscal year 2012. Fiscal year-end 2013 reflects an increase in the deferred inflows of resources for property taxes due to the decrease in the amount available as an advance.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013 and comparisons to fiscal year 2012.

Table 2 - Changes in Net Position

	Governmental Activities		
	2013	2012	Change
Revenues			
Program Revenues			
Charges for Services	\$4,067,719	\$3,982,942	\$84,777
Operating Grants, Contributions and Interest	3,154,166	3,117,572	36,594
Capital Grants and Contributions	0	3,000	(3,000)
	<u>7,221,885</u>	<u>7,103,514</u>	<u>118,371</u>
General Revenue			
Property Taxes	3,298,567	4,719,317	(1,420,750)
Payment in Lieu of Taxes	3,587	3,586	1
Grants and Entitlements	11,371,670	11,598,242	(226,572)
Investment Earnings	22,136	54,848	(32,712)
Gain on Sale of Capital Assets	0	10,582	(10,582)
Miscellaneous	175,520	180,915	(5,395)
	<u>14,871,480</u>	<u>16,567,490</u>	<u>(1,696,010)</u>
Total Revenues	<u>22,093,365</u>	<u>23,671,004</u>	<u>(1,577,639)</u>
Program Expenses			
Instruction			
Regular	10,901,386	10,508,434	392,952
Special	2,888,192	2,569,839	318,353
Vocational	111,922	159,178	(47,256)
Intervention	436,244	625,263	(189,019)
Support Services			
Pupils	726,166	741,204	(15,038)
Instructional Staff	1,626,471	2,152,462	(525,991)
Board of Education	52,446	46,446	6,000
Administration	1,845,110	1,850,389	(5,279)
Fiscal	430,158	444,201	(14,043)
Operation and Maintenance of Plant	2,113,783	2,252,894	(139,111)
Pupil Transportation	1,081,795	1,109,155	(27,360)
Central	74,402	65,774	8,628
Operation of Non-Instructional Services			
Food Service Operations	1,102,929	1,019,700	83,229
Other	30,601	31,032	(431)
Extracurricular Activities	795,269	792,720	2,549
Interest and Fiscal Charges	215,820	212,217	3,603
Total Expenses	<u>24,432,694</u>	<u>24,580,908</u>	<u>(148,214)</u>
<i>Change in Net Position</i>	<u>(2,339,329)</u>	<u>(909,904)</u>	<u>(1,429,425)</u>
Net Position Beginning of Year	<u>31,654,793</u>	<u>32,564,697</u>	<u>(909,904)</u>
Net Position End of Year	<u>\$29,315,464</u>	<u>\$31,654,793</u>	<u>(\$2,339,329)</u>

The above schedule clearly shows the dependence upon tax revenues and state subsidies for governmental activities. Only 33 percent of the governmental activities performed by the School District are supported

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

through program revenues such as charges for services, grants, contributions, and interest. The remaining 67 percent is provided through taxes and entitlements.

Net position decreased by \$2,339,329 in fiscal year 2013. Revenues reflect an overall decrease of \$1,577,639 primarily due to a decrease in general revenues in the amount of \$1,696,010. The decrease in general revenues was the result of a decrease in property taxes in the amount of \$1,420,750 due to the change in the property tax collection dates by the Muskingum County Auditor as mentioned earlier. Due to the second-half collection date of June 29, 2012, a larger amount was available as an advance to the School District as of fiscal year-end 2012 which was recognized as revenue. This change in dates resulted in an increase in the property tax revenues for fiscal year 2012 due to the increase in the amount available which resulted in increased revenue. For fiscal year 2013, the amount available as an advance decreased due to the slightly later collection date. Another factor that resulted in reduced property tax revenue was the completion of the property revaluation by Muskingum County which reflected a decrease of assessed values of 1.4 percent from the second-half collections 2012 to the first-half collections 2013. In total, program expenses from fiscal year 2012 to 2013 decreased slightly. The differences reflected in the expense lines of regular instruction, special instruction, and instructional staff were mainly due to coding changes implemented by the State.

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

Table 3 - Governmental Activities

	2013 Total Cost of Services	2013 Net Cost of Services	2012 Total Cost of Services	2012 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$10,901,386	\$7,309,906	\$10,508,434	\$7,090,141
Special	2,888,192	1,864,870	2,569,839	1,752,286
Vocational	111,922	78,041	159,178	125,297
Intervention	436,244	396,975	625,263	582,151
Support Services:				
Pupil	726,166	721,486	741,204	655,814
Instructional Staff	1,626,471	1,083,675	2,152,462	1,388,884
Board of Education	52,446	52,446	46,446	46,446
Administration	1,845,110	1,526,461	1,850,389	1,774,051
Fiscal	430,158	376,559	444,201	391,178
Operation and Maintenance of Plant	2,113,783	1,625,661	2,252,894	1,592,034
Pupil Transportation	1,081,795	1,081,002	1,109,155	1,097,633
Central	74,402	67,077	65,774	60,860
Operation of Non-Instructional Services				
Food Service Operations	1,102,929	218,678	1,019,700	134,063
Other	30,601	11,554	31,032	(18,199)
Extracurricular Activities	795,269	580,598	792,720	592,538
Interest and Fiscal Charges	215,820	215,820	212,217	212,217
Totals	<u>\$24,432,694</u>	<u>\$17,210,809</u>	<u>\$24,580,908</u>	<u>\$17,477,394</u>

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Instructional programs comprise approximately 59 percent of total governmental program expenses and support services makes up approximately 33 percent of the program expenses of the School District.

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The general fund had \$18,057,279 in revenues, including other financing sources, and \$19,293,581 in expenditures. The general fund's balance decreased \$1,236,302. The decrease is primarily due to a decrease in revenues and an increase in expenditures compared to the prior fiscal year. Property tax revenues decreased \$1.3 million mainly due to the change in the second-half collection dates for Muskingum County and the decrease in assessed valuations as mentioned earlier. The classroom facilities maintenance special revenue fund had \$394,443 in revenues and other financing sources and \$406,534 in expenditures. The classroom facilities maintenance's balance decreased \$12,091 due to building maintenance and equipment purchases and due to the change in the collection dates and the decrease in assessed valuations. The bond retirement debt service fund had \$346,269 in revenues and \$360,859 in expenditures. Bond retirement's balance decreased \$14,590 due to debt payments on outstanding general obligation bonds payable and due to the change in the property tax collection dates and the decrease in assessed valuations.

General Fund Budgetary Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal 2013, the School District amended its general fund original appropriations from \$18,574,452 to final appropriations of \$19,304,451. Final appropriations exceeded final expenditures by \$43,722. Budget basis actual revenue was \$18,321,503 compared to final estimates of \$18,507,100. Of this \$185,597 difference, the majority difference was due to the over estimation of tuition and fees and charges for services. The School District's ending general fund budgetary balance was \$1,384,715.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$32,670,629 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

Table 4 - Capital Assets at June 30, 2013
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$756,108	\$756,108
Construction in Progress	0	175,011
Land Improvements	3,126,350	2,999,010
Buildings and Improvements	26,909,868	26,994,714
Furniture and Equipment	1,461,689	1,173,452
Vehicles	416,614	360,121
Totals	<u><u>\$32,670,629</u></u>	<u><u>\$32,458,416</u></u>

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Management's Discussion and Analysis
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See Note 10 for more detailed information of the School District's capital assets.

Debt

At June 30, 2013, the School District had \$4,188,117 in general obligation bonds and capital leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2013	Governmental Activities 2012
School Facilities Improvement		
General Obligation Bonds		
Serial Bonds - 2000 - 3.80% - 6.35%	\$950,000	\$950,000
School Improvement Refunding		
General Obligation Bonds		
Serial Bonds - 2007 - 4.0%	0	205,000
Term Bonds - 2007 - 5.25%	1,580,000	1,580,000
Bond Premium	98,398	109,332
Capital Leases	1,559,719	1,426,601
Totals	\$4,188,117	\$4,270,933

See Note 16 for more detailed information of the School District's debt.

Economic Factors

The School District has experienced difficult financial challenges in fiscal years 2012 and 2013. On a positive note, the School District realized an increase in student enrollment of 92 students as of the October 2012 enrollment count compared to the October 2011 count. Another highlight is that the School District completed a new administration and preschool facility on the Maysville Local School District campus in fiscal year 2013 without issuing debt. Due to the completion of this new facility, all Maysville School District services are now located at 3715 Panther Drive. The School District has frozen salaries and steps for all staff; however, classified staff received a \$250 one-time incentive payment from the School District and the certified staff received an incentive payment from the Teacher Incentive Fund grant during fiscal year 2013. Based on the May 2013 Board-adopted five year forecast, the School District is projecting revenues exceeding expenditures fiscal years 2014 through 2017. The Board does not anticipate any layoffs to occur in the upcoming years. As staff retires in the next few years, the Board will not replace those vacated positions. The Board of Education and Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis W. Sidwell, Treasurer at Maysville Local School District, 3715 Panther Drive, Zanesville, Ohio 43701. You may also e-mail the treasurer at lsidwell@laca.org.

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Maysville Local School District, Ohio

Statement of Net Position

June 30, 2013

	Primary	Component Units	
	Government	Foxfire	
	Governmental Activities	Intermediate School	Foxfire High School
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,466,736	\$26,369	\$248,403
Cash and Cash Equivalents in Segregated Accounts	2,485	0	0
Accounts Receivable	59,073	0	0
Due from Component Unit	304	0	0
Accrued Interest Receivable	128	0	0
Intergovernmental Receivable	683,767	700	30,488
Prepaid Items	29,722	0	0
Inventory Held for Resale	3,841	0	2,355
Materials and Supplies Inventory	8,009	0	565
Property Taxes Receivable	4,302,596	0	0
Payment in Lieu of Taxes Receivable	3,586	0	0
Nondepreciable Capital Assets	756,108	0	0
Depreciable Capital Assets, Net	31,914,521	141,627	98,825
<i>Total Assets</i>	<u>41,230,876</u>	<u>168,696</u>	<u>380,636</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	74,109	0	0
Liabilities			
Accounts Payable	118,088	0	38,540
Due to Primary Government	0	0	304
Accrued Wages and Benefits Payable	2,496,319	96,578	190,794
Matured Vacation Benefits Payable	6,125	0	0
Matured Compensated Absences Payable	28,413	0	0
Accrued Interest Payable	16,637	0	0
Retirement Incentive Payable	20,000	0	0
Vacation Benefits Payable	111,387	1,848	9,958
Intergovernmental Payable	823,734	19,234	62,089
Claims Payable	183,000	0	0
Long-Term Liabilities:			
Due Within One Year	614,835	0	0
Due In More Than One Year	4,866,997	5,429	29,304
<i>Total Liabilities</i>	<u>9,285,535</u>	<u>123,089</u>	<u>330,989</u>
Deferred Inflows of Resources			
Property Taxes	2,703,986	0	0
Net Position			
Net Investment in Capital Assets	28,556,621	141,627	98,825
Restricted for:			
Debt Service	562,836	0	0
Classroom Facilities Maintenance	746,404	0	0
Other Purposes	77,033	0	0
Unrestricted (Deficits)	(627,430)	(96,020)	(49,178)
<i>Total Net Position</i>	<u>\$29,315,464</u>	<u>\$45,607</u>	<u>\$49,647</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Activities

For the Fiscal Year ended June 30, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
Governmental Activities				
Instruction:				
Regular	\$10,901,386	\$3,123,784	\$467,696	\$0
Special	2,888,192	81,513	941,809	0
Vocational	111,922	0	33,881	0
Intervention	436,244	0	39,269	0
Support Services:				
Pupils	726,166	0	4,680	0
Instructional Staff	1,626,471	4,141	538,655	0
Board of Education	52,446	0	0	0
Administration	1,845,110	0	318,649	0
Fiscal	430,158	0	53,599	0
Operation and Maintenance of Plant	2,113,783	407,602	80,520	0
Pupil Transportation	1,081,795	793	0	0
Central	74,402	0	7,325	0
Operation of Non-Instructional Services:				
Food Service Operations	1,102,929	232,390	651,861	0
Other	30,601	11,494	7,553	0
Extracurricular Activities	795,269	206,002	8,669	0
Interest and Fiscal Charges	215,820	0	0	0
<i>Total Primary Government</i>	<u>\$24,432,694</u>	<u>\$4,067,719</u>	<u>\$3,154,166</u>	<u>\$0</u>
Component Units				
Foxfire Intermediate School	\$851,573	\$664	\$642,005	\$0
Foxfire High School	2,540,177	31,405	1,711,285	15,533
<i>Total Component Units</i>	<u>\$3,391,750</u>	<u>\$32,069</u>	<u>\$2,353,290</u>	<u>\$15,533</u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Classroom Facilities Maintenance

Payments in Lieu of Taxes

Grants and Entitlements not Restricted

to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government	Component Units	
Governmental Activities	Foxfire Intermediate School	Foxfire High School
(\$7,309,906)	\$0	\$0
(1,864,870)	0	0
(78,041)	0	0
(396,975)	0	0
(721,486)	0	0
(1,083,675)	0	0
(52,446)	0	0
(1,526,461)	0	0
(376,559)	0	0
(1,625,661)	0	0
(1,081,002)	0	0
(67,077)	0	0
(218,678)	0	0
(11,554)	0	0
(580,598)	0	0
(215,820)	0	0
(17,210,809)	0	0
0	(208,904)	0
0	0	(781,954)
0	(208,904)	(781,954)
2,939,307	0	0
301,033	0	0
58,227	0	0
3,587	0	0
11,371,670	82,114	382,727
22,136	103	2,479
175,520	0	16,014
14,871,480	82,217	401,220
(2,339,329)	(126,687)	(380,734)
31,654,793	172,294	430,381
\$29,315,464	\$45,607	\$49,647

Maysville Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2013

	General	Classroom Facilities Maintenance	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,385,012	\$728,314	\$432,847	\$163,439	\$2,709,612
Cash and Cash Equivalents in Segregated Accounts	0	0	0	2,485	2,485
Accounts Receivable	49,466	0	0	6,345	55,811
Interfund Receivable	63,387	0	0	0	63,387
Due from Component Unit	304	0	0	0	304
Intergovernmental Receivable	344,664	0	0	339,103	683,767
Accrued Interest Receivable	0	0	0	128	128
Prepaid Items	27,026	2,025	0	671	29,722
Inventory Held for Resale	0	0	0	3,841	3,841
Materials and Supplies Inventory	7,398	0	0	611	8,009
Property Taxes Receivable	3,835,721	75,772	391,103	0	4,302,596
Payment in Lieu of Taxes Receivable	3,345	45	196	0	3,586
<i>Total Assets</i>	<u>\$5,716,323</u>	<u>\$806,156</u>	<u>\$824,146</u>	<u>\$516,623</u>	<u>\$7,863,248</u>
Liabilities					
Accounts Payable	\$81,672	\$12,228	\$0	\$24,188	\$118,088
Accrued Wages and Benefits	2,015,300	0	0	271,638	2,286,938
Matured Compensated Absences Payable	28,413	0	0	0	28,413
Matured Vacation Benefits Payable	6,125	0	0	0	6,125
Interfund Payable	0	0	0	63,387	63,387
Intergovernmental Payable	746,440	0	0	77,294	823,734
<i>Total Liabilities</i>	<u>2,877,950</u>	<u>12,228</u>	<u>0</u>	<u>436,507</u>	<u>3,326,685</u>
Deferred Inflows of Resources					
Property Taxes	2,411,789	47,524	244,673	0	2,703,986
Unavailable Revenue	808,858	11,919	61,955	22,071	904,803
<i>Total Deferred Inflows of Resources</i>	<u>3,220,647</u>	<u>59,443</u>	<u>306,628</u>	<u>22,071</u>	<u>3,608,789</u>
Fund Balances					
Nonspendable	34,424	2,025	0	1,282	37,731
Restricted	0	732,460	517,518	57,902	1,307,880
Committed	0	0	0	20,910	20,910
Assigned	0	0	0	3,463	3,463
Unassigned (Deficits)	(416,698)	0	0	(25,512)	(442,210)
Total Fund Balances	<u>(382,274)</u>	<u>734,485</u>	<u>517,518</u>	<u>58,045</u>	<u>927,774</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$5,716,323</u>	<u>\$806,156</u>	<u>\$824,146</u>	<u>\$516,623</u>	<u>\$7,863,248</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2013*

Total Governmental Fund Balances \$927,774

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 32,670,629

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources: unavailable revenue in the funds:

Property Taxes Receivable	654,915	
Extracurricular Activities	6,006	
Payment in Lieu of Taxes Receivable	3,586	
Grants Receivable	217,245	
Student Fees	23,051	904,803

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 368,005

Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds. (16,637)

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

Vacation Benefits Payable	(111,387)	
Retirement Incentive Payable	(20,000)	(131,387)

Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds 74,109

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

General Obligation Bonds Payable	(950,000)	
Refunding General Obligation Bonds Payable	(1,580,000)	
Premium on Refunding Bonds	(98,398)	
Capital Leases Payable	(1,559,719)	
Sick Leave Benefits Payable	(1,293,715)	(5,481,832)

Net Position of Governmental Activities \$29,315,464

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Classroom Facilities Maintenance	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,885,414	\$57,102	\$295,327	\$0	\$3,237,843
Payment in Lieu of Taxes	3,345	45	197	0	3,587
Intergovernmental	11,476,218	80,520	50,745	2,704,070	14,311,553
Interest	0	0	0	22,967	22,967
Tuition and Fees	3,002,007	0	0	215,471	3,217,478
Extracurricular Activities	40,750	0	0	164,335	205,085
Rent	946	0	0	0	946
Charges for Services	379,848	0	0	259,198	639,046
Contributions and Donations	536	0	0	15,172	15,708
Miscellaneous	164,881	0	0	10,639	175,520
<i>Total Revenues</i>	<u>17,953,945</u>	<u>137,667</u>	<u>346,269</u>	<u>3,391,852</u>	<u>21,829,733</u>
Expenditures					
Current:					
Instruction:					
Regular	9,689,497	0	0	573,586	10,263,083
Special	1,808,700	0	0	959,169	2,767,869
Vocational	91,553	0	0	0	91,553
Intervention	397,013	0	0	38,949	435,962
Support Services:					
Pupils	706,004	0	0	4,642	710,646
Instructional Staff	1,005,988	0	0	536,538	1,542,526
Board of Education	52,446	0	0	0	52,446
Administration	1,652,519	0	0	115,227	1,767,746
Fiscal	396,742	0	8,483	2,810	408,035
Operation and Maintenance of Plant	1,693,664	149,758	0	83,469	1,926,891
Pupil Transportation	1,116,924	0	0	20,360	1,137,284
Central	54,696	0	0	7,323	62,019
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	970,074	970,074
Other Non-Instructional Services	0	0	0	30,601	30,601
Extracurricular Activities	412,945	0	0	170,917	583,862
Capital Outlay	102,134	256,776	0	1,249,313	1,608,223
Debt Service:					
Principal Retirement	66,183	0	205,000	159,609	430,792
Interest and Fiscal Charges	46,573	0	147,376	1,500	195,449
<i>Total Expenditures</i>	<u>19,293,581</u>	<u>406,534</u>	<u>360,859</u>	<u>4,924,087</u>	<u>24,985,061</u>
<i>Excess of Revenues Under Expenditures:</i>	<u>(1,339,636)</u>	<u>(268,867)</u>	<u>(14,590)</u>	<u>(1,532,235)</u>	<u>(3,155,328)</u>
Other Financing Sources					
Proceeds from Sale of Capital Assets	1,200	0	0	0	1,200
Inception of a Capital Lease	102,134	256,776	0	0	358,910
<i>Total Other Financing Sources</i>	<u>103,334</u>	<u>256,776</u>	<u>0</u>	<u>0</u>	<u>360,110</u>
<i>Net Change in Fund Balances</i>	<u>(1,236,302)</u>	<u>(12,091)</u>	<u>(14,590)</u>	<u>(1,532,235)</u>	<u>(2,795,218)</u>
<i>Fund Balances Beginning of Year</i>	<u>854,028</u>	<u>746,576</u>	<u>532,108</u>	<u>1,590,280</u>	<u>3,722,992</u>
<i>Fund Balances End of Year (Deficit)</i>	<u>(\$382,274)</u>	<u>\$734,485</u>	<u>\$517,518</u>	<u>\$58,045</u>	<u>\$927,774</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds (\$2,795,218)

*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 exceeded capital outlay in the current period.

Capital Asset Additions	1,773,042	
Depreciation Expense	(1,408,979)	364,063

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

Loss on Sale of Capital Assets	(150,650)	
Proceeds from Sale of Capital Assets	(1,200)	(151,850)

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

Interest	(425)	
Student Fees	(842)	
Intergovernmental	198,169	
Delinquent Taxes	60,724	
Extracurricular Activities	6,006	263,632

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

Refunding General Obligation Bonds Payable	205,000	
Capital Leases Payable	225,792	430,792

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. (23,070)

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

Vacation Benefits Payable	(15,122)	
Retirement Incentive Payable	(10,000)	
Sick Leave Benefits Payable	(22,371)	(47,493)

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets the lease obligation is reported as a liability. (358,910)

The amortization of premiums are reported on the statement of activities. 10,934

Deferred outflows of resources represent the amortization of deferred charges on refunding which are not reported in the funds. (8,235)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (23,974)

Change in Net Position of Governmental Activities (\$2,339,329)

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,139,000	\$3,135,655	\$3,222,573	\$86,918
Payment in Lieu of Taxes	0	3,345	3,345	0
Intergovernmental	11,642,528	11,642,528	11,612,037	(30,491)
Tuition and Fees	3,105,500	3,105,500	3,004,724	(100,776)
Rent	1,036	1,036	946	(90)
Charges for Services	607,300	607,300	379,848	(227,452)
Contributions and Donations	336	336	536	200
Miscellaneous	1,400	1,400	97,494	96,094
<i>Total Revenues</i>	18,497,100	18,497,100	18,321,503	(175,597)
Expenditures				
Current:				
Instruction:				
Regular	8,220,475	8,278,730	8,189,368	89,362
Special	1,607,211	1,612,211	1,812,654	(200,443)
Vocational	78,200	78,200	92,650	(14,450)
Student Intervention Services	454,000	454,000	497,879	(43,879)
Other	1,098,348	1,317,348	1,316,432	916
Support Services:				
Pupils	685,115	705,115	721,952	(16,837)
Instructional Staff	1,190,377	1,270,376	1,223,704	46,672
Board of Education	51,950	51,950	52,843	(893)
Administration	1,623,408	1,625,153	1,619,734	5,419
Fiscal	421,750	421,750	397,633	24,117
Operation and Maintenance of Plant	1,593,569	1,838,569	1,718,206	120,363
Pupil Transportation	1,109,153	1,139,153	1,138,327	826
Central	40,896	66,896	60,326	6,570
Extracurricular Activities	400,000	400,000	375,269	24,731
Debt Service:				
Principal	0	4,000	3,300	700
Interest	0	41,000	40,452	548
<i>Total Expenditures</i>	18,574,452	19,304,451	19,260,729	43,722
<i>Excess of Revenues Under Expenditures</i>	(77,352)	(807,351)	(939,226)	(131,875)
Other Financing Sources				
Proceeds from Sale of Capital Assets	5,000	5,000	0	(5,000)
Insurance Recoveries	5,000	5,000	0	(5,000)
<i>Total Other Financing Sources</i>	10,000	10,000	0	(10,000)
<i>Net Change in Fund Balance</i>	(67,352)	(797,351)	(939,226)	(141,875)
<i>Fund Balance Beginning of Year</i>	2,306,997	2,306,997	2,306,997	0
Prior Year Encumbrances Appropriated	16,944	16,944	16,944	0
<i>Fund Balance End of Year</i>	\$2,256,589	\$1,526,590	\$1,384,715	(\$141,875)

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$57,926	\$57,926	\$63,805	\$5,879
Payment in Lieu of Taxes	45	45	45	0
Intergovernmental	76,642	76,642	80,520	3,878
<i>Total Revenues</i>	134,613	134,613	144,370	9,757
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	179,250	249,250	171,002	78,248
<i>Net Change in Fund Balance</i>	(44,637)	(114,637)	(26,632)	88,005
<i>Fund Balance Beginning of Year</i>	722,134	722,134	722,134	0
Prior Year Encumbrances Appropriated	19,250	19,250	19,250	0
<i>Fund Balance End of Year</i>	\$696,747	\$626,747	\$714,752	\$88,005

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fund Net Position

Internal Service Fund

June 30, 2013

	<u>Self- Insurance</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$757,124
Accounts Receivable	3,262
	<hr/>
<i>Total Assets</i>	<i>760,386</i>
	<hr/>
Current Liabilities	
Unearned Revenue	209,381
Claims Payable	183,000
	<hr/>
<i>Total Liabilities</i>	<i>392,381</i>
	<hr/>
Net Position	
Unrestricted	\$368,005
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2013

	Self- Insurance
Operating Revenues	
Charges for Services	\$3,255,599
Operating Expenses	
Purchased Services	368,195
Claims	2,911,378
<i>Total Operating Expenses</i>	<i>3,279,573</i>
<i>Operating Loss</i>	<i>(23,974)</i>
<i>Net Position at Beginning of Year</i>	<i>391,979</i>
<i>Net Position at End of Year</i>	<i>\$368,005</i>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2013

	<u>Self- Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$3,250,985
Cash Payments for Services	(368,195)
Cash Payments for Claims	<u>(2,928,378)</u>
<i>Net Cash Used for Operating Activities</i>	(45,588)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>802,712</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$757,124</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$23,974)
Changes in Assets and Liabilities	
Decrease in Accounts Receivable	4,951
Decrease in Unearned Revenue	(9,565)
Decrease in Claims Payable	<u>(17,000)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$45,588)</u></u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$44,834</u>
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Liabilities

Due to Students	<u>\$44,834</u>
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See accompanying notes to the basic financial statements

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Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County, and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. It is staffed by 103 classified employees, 151 certificated full-time teaching personnel, and 12 administrative employees who provide services to 2,441 students (includes preschool and open enrollment students) and other community members. The School District currently operates two instructional buildings, one administrative/preschool building, and one garage.

Reporting Entity

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

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

Discretely Presented Component Units The component unit information on the Statement of Net Position and the Statement of Activities identifies the financial data of the School District’s component units, Foxfire Intermediate School and Foxfire High School. They are reported separately to emphasize that they are legally separate from the School District.

Foxfire Intermediate School The Foxfire Intermediate School is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Foxfire Intermediate School’s mission, under a contractual agreement with the School District (Foxfire Intermediate School’s sponsor), is to maximize all students’ potential, by the teaching of high academic standards and overall student wellness to increase capabilities by bridging gaps in the best interest of each individual student. The Foxfire Intermediate School serves elementary and middle school age students who have been unsuccessful in a traditional elementary or middle school setting.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The Foxfire Intermediate School operates under the direction of a five-member Board of Directors made up of five community members appointed by the Executive Director/Principal after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as represent the interest of the Muskingum County community. The sponsor is able to impose its will on Foxfire Intermediate School and due to Foxfire Intermediate School's relationship with Maysville Local School District it would be misleading to exclude Foxfire Intermediate School. The Sponsor can suspend the Foxfire Intermediate School's operations for any of the following reasons: 1) The Foxfire Intermediate School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) Foxfire Intermediate School's failure to meet generally accepted standards of fiscal management, 3) Foxfire Intermediate School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, 4) Foxfire Intermediate School's failure to be financially sound and/or their financial status adversely impacts the Sponsor's finances, or 4) Other good cause. Separately issued financial statements can be obtained from the Foxfire Intermediate School, 2805 Pinkerton Road, Zanesville, Ohio 43701.

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

The Foxfire High School operates under the direction of a five-member Board of Directors made up of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as represent the interest of the Muskingum County community. The sponsor is able to impose its will on Foxfire High School and due to Foxfire High School's relationship with Maysville Local School District it would be misleading to exclude Foxfire High School. The Sponsor can suspend the Foxfire High School's operations for any of the following reasons: 1) The Foxfire High School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Foxfire High School's failure to meet generally accepted standards of fiscal management, 3) The Foxfire High School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. Separately issued financial statements can be obtained from the Foxfire High School, 2805 Pinkerton Road, Zanesville, Ohio 43701.

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are the Licking Area Computer Association, Mid-East Career and Technology Centers, Coalition of Rural and Appalachian Schools, the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program, and the Ohio School Benefits Cooperative. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District has no business-type activities.

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

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

B. Fund Accounting

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

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

General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general laws of Ohio.

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

Bond Retirement Fund The Bond Retirement Debt Service Fund accounts for and reports property tax revenues restricted for the payment of general long-term debt principal, interest, and related costs.

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

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

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

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Cash and Cash Equivalents

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the Permanent Improvement Capital Projects Fund during fiscal year 2013 amounted to \$22,967, which includes \$17,842 assigned from other School District funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

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

Maysville Local School District, Ohio
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Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

H. Capital Assets

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

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

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

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

I. Internal Activity

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

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

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either eternally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. See Note 21 for additional information regarding set asides.

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, prepaids, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation (School District Board of Education resolutions).

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Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resources providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in 2013's appropriated budget.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report deficit balances.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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 the amounts in any of the unrestricted fund balance classifications could be used.

N. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

O. Extraordinary and Special Items

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

P. Estimates

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

Q. Budgetary Data

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

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

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

R. Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. On the governmental fund statements, bond premiums are recorded in the year the bonds are issued.

S. Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”.

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows or resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District’s financial statements.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 4 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Prepays	\$27,026	\$2,025	\$0	\$671	\$29,722
Materials and Supplies					
Inventory	7,398	0	0	611	8,009
<i>Total Nonspendable</i>	<u>34,424</u>	<u>2,025</u>	<u>0</u>	<u>1,282</u>	<u>37,731</u>
<u>Restricted for:</u>					
Food Service Operations	0	0	0	2,616	2,616
Athletics and Music	0	0	0	40,199	40,199
Federal Grants	0	0	0	15,087	15,087
Classroom Facilities	0	732,460	0	0	732,460
Debt Service Payments	0	0	517,518	0	517,518
<i>Total Restricted</i>	<u>0</u>	<u>732,460</u>	<u>517,518</u>	<u>57,902</u>	<u>1,307,880</u>
<u>Committed to:</u>					
Scholarships	0	0	0	20,910	20,910
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,910</u>	<u>20,910</u>
<u>Assigned to:</u>					
Capital Improvements	0	0	0	3,463	3,463
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,463</u>	<u>3,463</u>
Unassigned:	(416,698)	0	0	(25,512)	(442,210)
<i>Total Fund Balances</i>	<u>(\$382,274)</u>	<u>\$734,485</u>	<u>\$517,518</u>	<u>\$58,045</u>	<u>\$927,774</u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 5 – ACCOUNTABILITY

The following funds had a deficit fund balances at June 30, 2013.

	Deficit Fund Balances
General Fund	(\$382,274)
<u>Special Revenue Funds:</u>	
Preschool	(5,918)
Race to the Top	(654)
Title VI-B	(7,072)
Latchkey	(11,868)

The deficit fund balances in the general and special revenue funds are the result of the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District will more closely monitor fund balances in the future.

NOTE 6 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
5. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP Reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statement for the general fund and the classroom facilities maintenance special revenue fund:

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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Net Change in Fund Balance		
	General	Classroom Facilities Maintenance
GAAP Basis	(\$1,236,302)	(\$12,091)
Net Adjustment for Revenue Accruals	423,890	6,703
Net Adjustment for Expenditure Accruals	(61,383)	(5,657)
Beginning:		
Unrecorded Cash	(1,018)	0
Prepaid Items	27,614	0
Negative Cash Advances	(79,129)	0
Ending:		
Unrecorded Cash	937	0
Prepaid Items	(27,026)	(2,025)
Negative Cash Advances	63,087	0
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(3,585)	0
Adjustment for Encumbrances	(46,311)	(13,562)
Budget Basis	(\$939,226)	(\$26,632)

NOTE 7 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and

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Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) above;
7. The State Treasurer’s investment pool (STAR Ohio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,235,026 of the School District’s bank balance of \$3,487,511 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments: As of June 30, 2013, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Negotiable Certificate of Deposit	\$101,378	5/15/2014

Interest Rate Risk

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

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Credit Risk

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

Concentration of Credit Risk

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

NOTE 8 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property (used in business) located in the School District. Real property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Muskingum County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2013, 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 were levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources for property taxes.

The amount available as an advance at June 30, 2013, was \$943,695. \$842,650 was available to the general fund, \$84,671 was available to the Bond Retirement Debt Service Fund, and \$16,374 was available to the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2012, was \$1,324,509. \$1,179,809 was available to the General Fund, \$121,623 was available to the Bond Retirement Debt Service Fund, and \$23,077 was available to the Classroom Facilities Maintenance Special Revenue Fund. During fiscal year, the Muskingum County Auditor changed their second half collection date from a historical August collection date to a June 29 collection date. During fiscal year 2013, the collection date was July 5.

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On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflow of resources – unavailable revenue.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$161,673,680	95.59%	\$159,005,990	95.34%
Public Utility Personal	7,467,000	4.41%	7,767,400	4.66%
Total Assessed Value	\$169,140,680	100.00%	\$166,773,390	100.00%
Tax rate per \$1,000 of assessed valuation	\$40.15		\$40.15	

NOTE 9 - RECEIVABLES

Receivables at June 30, 2013, consisted of property taxes, payment in lieu of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes and payment in lieu of taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$654,915 as of June 30, 2013.

A summary of principal items of intergovernmental receivables follows:

	Amounts
<u>Governmental Activities</u>	
Medicaid Reimbursements	\$3,040
E-Rate Monies	201,180
Workers' Compensation Refund	37,490
School Employees Retirement System Refund	110,451
Preschool Grant	10,392
Race to the Top Grant	35,972
Title VI-B Grant	75,533
Title I Grant	124,330
Title II-A Grant	16,605
Teacher Incentive Fund Grant	60,568
Latchkey Services Refund	334
School Lunch Reimbursement	7,872
Total	\$683,767

On May 4, 2006, Muskingum County entered into an Enterprise Zone Compensation Agreement with Coconis Furniture, Inc. for the purpose of acquiring land, constructing a new distribution center, purchasing machinery and equipment, furniture and fixtures, and acquiring inventory. To encourage these improvements, the property owner was granted a 100 percent exemption from paying real and

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personal property taxes on the new construction; however, the property owner is required to make payment in lieu of taxes. The School District has agreed to this project and was being made whole for lost real and personal property taxes by receiving payments in lieu of taxes in an amount equal to the real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreement. Subsequent to the phase out of tangible personal property taxes, the School District will continue to receive payments in lieu of taxes in an amount equal to real property taxes that otherwise would have been due each year. The property owner makes payment in lieu of taxes to Muskingum County which is distributed to the School District. These payments are being used to finance improvements and will continue over ten years.

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>June 30, 2012</u>	Additions	Deletions	Balance <u>June 30, 2013</u>
Nondepreciable Capital Assets				
Land	\$756,108	\$0	\$0	\$756,108
Construction in Progress	175,011	1,212,190	(1,387,201)	0
Total Capital Assets not being depreciated	<u>931,119</u>	<u>1,212,190</u>	<u>(1,387,201)</u>	<u>756,108</u>
Depreciable Capital Assets				
Land Improvements	4,298,033	289,945	0	4,587,978
Buildings and Improvements	37,918,948	1,001,425	(201,150)	38,719,223
Furniture and Equipment	4,135,967	500,903	0	4,636,870
Vehicles	1,271,997	155,780	(5,020)	1,422,757
Total at Historical Cost	<u>47,624,945</u>	<u>1,948,053</u>	<u>(206,170)</u>	<u>49,366,828</u>
Less Accumulated Depreciation				
Land Improvements	(1,299,023)	(162,605)	0	(1,461,628)
Buildings and Improvements	(10,924,234)	(936,250)	51,129	(11,809,355)
Furniture and Equipment	(2,962,515)	(212,666)	0	(3,175,181)
Vehicles	(911,876)	(97,458)	3,191	(1,006,143)
Total Accumulated Depreciation	<u>(16,097,648)</u>	<u>(1,408,979) *</u>	<u>54,320</u>	<u>(17,452,307)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>31,527,297</u>	<u>539,074</u>	<u>(151,850)</u>	<u>31,914,521</u>
Governmental Activities Capital Assets, Net	<u>\$32,458,416</u>	<u>\$1,751,264</u>	<u>(\$1,539,051)</u>	<u>\$32,670,629</u>

Maysville Local School District, Ohio
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*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$466,524
Special	89,680
Vocational	19,816
Support Services:	
Pupils	19,984
Instructional Staff	190,904
Administration	81,324
Fiscal	13,075
Operation and Maintenance	75,775
Pupil Transportation	97,458
Central	12,383
Extracurricular	211,294
Food Service Operations	<u>130,762</u>
Total Depreciation Expense	<u><u>\$1,408,979</u></u>

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted with the Young Insurance Agency Incorporated, through Ohio Casualty Group, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, fleet insurance, and builder's risk insurance. Coverage provided is as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$71,309,041
Employee Benefit Liability (\$1,000 deductible)	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Employers Liability	1,000,000
Employers Liability Aggregate	2,000,000
Fleet Insurance (\$1,000 deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Per Year	2,000,000
Medical Expense Per Person	15,000

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

For fiscal year 2013, the School District participated in the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to members that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

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Medical, dental, and vision insurance is offered to employees through a Self-Insurance Internal Service Fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$183,000 reported in the Internal Service Fund at June 30, 2013, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased an aggregate stop-loss coverage policy in the amount of \$100,000 annually.

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

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2012	\$161,000	\$3,010,093	\$2,971,093	\$200,000
2013	200,000	2,911,378	2,928,378	183,000

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement, disability and 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 visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$359,740, \$341,103, and \$279,149, respectively. For fiscal year 2013, 79 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$1,246,910 and \$25,611 for the fiscal year ended June 30, 2013, \$1,253,882 and \$22,996 for the fiscal year ended June 30, 2012, and \$1,243,576 and \$21,826 for the fiscal year ended June 30, 2011. For fiscal year 2013, 82 percent has been contributed for the DB plan and 82 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$17,438 made by the School District and \$12,456 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, there were no members of the Board of Education that elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, .16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$37,585 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011, were \$47,465, \$62,379, and \$96,489, respectively. For fiscal year 2013, 3 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$20,142, \$19,818, and \$19,295, respectively. For fiscal year 2013, 79 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$99,228, \$99,088, and \$95,660 respectively. For fiscal year 2013, 82 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

NOTE 14 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

C. Retirement Incentive

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

During fiscal year 2013, the School District paid \$10,000 in retirement incentives that were accrued as liabilities at June 30, 2012. At June 30, 2013, \$20,000 in retirement incentives was accrued as a liability to be paid in fiscal year 2014.

NOTE 15 – CAPITALIZED LEASES

The School District has entered into capitalized leases for copiers, computers, chiller, and an athletic facility. Each lease meets the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

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The agreements provide for minimum annual rental payments as follows:

Year	Principal	Interest	Total
2014	\$275,165	\$53,706	\$328,871
2015	286,199	42,673	328,872
2016	296,634	32,234	328,868
2017	258,849	41,819	300,668
2018	246,382	13,484	259,866
2019	196,490	7,143	203,633
Total	<u>\$1,559,719</u>	<u>\$191,059</u>	<u>\$1,750,778</u>

The equipment and athletic facility were originally capitalized in the amount of \$2,243,392. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2013 totaled \$225,792 in the governmental funds.

Property under Capital Lease	\$2,243,392
Less: Accumulated Depreciation	<u>(254,962)</u>
Total June 30, 2013	<u>\$1,988,430</u>

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	Principal Outstanding 6/30/2012	Additions	Deductions	Principal Outstanding 6/30/2013	Due in One Year
School Facilities Improvement					
General Obligation Bonds					
Serial Bonds - 2000 - 3.80%-6.35%	\$950,000	\$0	\$0	\$950,000	\$215,000
School Improvement Refunding					
General Obligation Bonds					
Serial Bonds - 2007 - 4.0%	205,000	0	205,000	0	0
Term Bonds - 2007 - 5.25%	1,580,000	0	0	1,580,000	0
Bond Premium	109,332	0	10,934	98,398	0
Total Long-Term Bonds	<u>2,844,332</u>	<u>0</u>	<u>215,934</u>	<u>2,628,398</u>	<u>215,000</u>
Capital Leases	1,426,601	358,910	225,792	1,559,719	275,165
Compensated Absences Payable	<u>1,271,344</u>	<u>95,682</u>	<u>73,311</u>	<u>1,293,715</u>	<u>124,670</u>
Total General Long-Term Obligations	<u>\$5,542,277</u>	<u>\$454,592</u>	<u>\$515,037</u>	<u>\$5,481,832</u>	<u>\$614,835</u>

2000 School Facilities General Obligation Bonds - On September 1, 1999, the School District issued \$4,732,000 in variable interest rate School Facilities Improvement Bonds. The bond proceeds represented the local share for the School District's construction of a new school campus which will house all students pursuant to the approval of a \$32,022,957 school facilities grant through the Ohio School Facilities Commission. The bond issue included serial and term bonds in the amount of \$3,137,000 and \$1,595,000 respectively. During fiscal year 2007, the School District advance refunded \$585,000 of the serial bonds, and \$1,595,000 of the term bonds. The advance refunded portion of the bonds was removed

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from the financial statements of the School District. The remaining outstanding bonds are being retired from the debt service fund. The original bonds were issued for a twenty-three period with a final maturity at December 1, 2022, and after the advance refunding continue to have a final maturity at December 1, 2022.

Principal and interest requirements to retire general obligation bonds for the outstanding 2000 School Facilities Improvement Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2014	\$215,000	\$53,499
2015	230,000	39,370
2016	245,000	24,289
2017	260,000	8,255
Total	\$950,000	\$125,413

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Principal and interest requirements to the 2007 School Improvement Refunding General Obligation Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2014	\$0	\$82,950
2015	0	82,950
2016	0	82,950
2017	0	82,950
2018	285,000	75,469
2019-2022	1,295,000	140,831
Total	<u>\$1,580,000</u>	<u>\$548,100</u>

Capital leases will be paid from the general fund, classroom facilities maintenance special revenue fund, and the permanent improvement capital projects fund. Compensated absences will be paid from the general and food service funds.

The School District's overall legal debt margin was \$12,997,123 with an unvoted debt margin of \$166,773 at June 30, 2013.

NOTE 17 - INTERFUND ACTIVITY

Interfund balances at June 30, 2013, consist of the following individual fund receivables and payables:

	Receivable	Payable
Major Fund:		
General Fund	\$63,387	\$0
Other Nonmajor Governmental Funds:		
Total Other Nonmajor Governmental Funds	0	63,387
Total All Funds	\$63,387	\$63,387

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

NOTE 18- JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

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

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and the School District does not have an equity interest in or financial responsibility for the Association. The School District's payments to LACA for computer services for fiscal year 2013 were \$100,183. Financial statements for LACA can be obtained from their fiscal agent - the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

B. Mid-East Career and Technology Centers

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2013, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Rick White, Treasurer, at 1965 Chandlersville Road, Zanesville, Ohio 43701.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2013, the School District made a payment of \$325 to the Coalition for a membership fee and \$60 for meeting fees. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 19 - INSURANCE PURCHASING POOLS

A. Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (Program), an insurance purchasing pool established through the Better Business Bureau of Ohio, Incorporated. The Program's business and affairs are conducted by the President and CEO of the Better Business Bureau. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the program.

B. Ohio School Benefits Cooperative

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

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

NOTE 20 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The School District is currently not a party to any material legal proceedings.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	378,262
Current Year Offsets	(428,475)
Qualifying Disbursements	(206,665)
Total	(\$256,878)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

NOTE 22 – SIGNIFICANT COMMITMENTS

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	\$ 46,360
Classroom Facilities Maintenance	13,562
Nonmajor Governmental Funds	46,683
Total Governmental Funds	\$ 106,605

NOTE 23 – FOXFIRE INTERMEDIATE SCHOOL AND FOXFIRE HIGH SCHOOL COMPONENT UNITS

A. Basis of Presentation

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

B. Capital Assets

Property and equipment are recorded at cost if purchased or at estimated fair market value at the date of donation. Expenditures for major additions and improvements are capitalized. Minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. The Foxfire Intermediate School and the Foxfire High School report capital asset depreciation using the straight-line method over the estimated useful life.

The Foxfire Intermediate School's capital assets consisted of equipment valued at \$184,749 with accumulated depreciation of \$43,122 and a remaining book value of \$141,627.

The Foxfire High School's capital assets consisted of equipment valued at \$120,851 with accumulated depreciation of \$22,026 and a remaining book value of \$98,825.

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	2012/2013	10.555	\$ 41,413	\$ 41,413
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	126,814	126,814
National School Lunch Program	2012/2013	10.555	463,176	463,176
Cash Assistance Subtotal			<u>589,990</u>	<u>589,990</u>
Total Child Nutrition Cluster			<u>631,403</u>	<u>631,403</u>
Total U.S. Department of Agriculture			631,403	631,403
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2012 2013	84.010	112,936 <u>486,174</u>	102,966 <u>489,118</u>
Total Title I Grants to Local Educational Agencies			<u>599,110</u>	<u>592,084</u>
Special Education Cluster:				
Special Education Grants to States	2012 2013	84.027	64,453 <u>352,142</u>	64,596 <u>354,442</u>
Total Special Education Grants to States			<u>416,595</u>	<u>419,038</u>
Special Education Preschool Grant	2013	84.173	<u>5,648</u>	<u>5,648</u>
Total Special Education Cluster			422,243	424,686
Rural Education	2013	84.358	38,949	38,949
Improving Teacher Quality State Grants	2012 2013	84.367	16,867 <u>70,592</u>	16,770 <u>70,937</u>
Total Improving Teacher Quality State Grants			<u>87,459</u>	<u>87,707</u>
Teacher Incentive Fund (TIF) Cluster:				
Teacher Incentive Fund	2013	84.374	44,176	64,791
ARRA - Teacher Incentive Fund (TIF), Recovery Act				
Ohio TIF	2012	84.385	43,536	
Ohio TIF Assessment Literacy	2013			3,323
Ohio TIF	2013		<u>353,837</u>	<u>353,837</u>
Total ARRA - Teacher Incentive Fund, Recovery Act			<u>397,373</u>	<u>357,160</u>
Total Teacher Incentive Fund Cluster			441,549	421,951
ARRA - Race-to-the-Top Incentive Grants, Recovery Act				
Ohio Appalachian Collaborative (OAC)	2012	84.395	21,075	4,000
Race to the Top	2012		8,093	
Ohio Appalachian Collaborative (OAC)	2013		63,893	85,273
Mini Grant	2013			1,752
Early College High School	2013		187,250	187,250
Entry Year	2013		3,150	3,150
Race to the Top	2013		<u>56,383</u>	<u>66,812</u>
Total ARRA - Race-to-the-Top Incentive Grants, Recovery Act			<u>339,844</u>	<u>348,237</u>
Total U.S. Department of Education			1,929,154	1,913,614
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Education:</i>				
Maternal and Child Health Federal Consolidated Programs	2013	93.110	<u>5,000</u>	<u>4,642</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 2,565,557</u>	<u>\$ 2,549,659</u>

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

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 9, 2014, wherein we noted the School District adopted Governmental Accounting Standards Board Statements No. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

January 9, 2014



Dave Yost • Auditor of State

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

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Maysville Local School District's, Muskingum County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only described the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 9, 2014

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Title I – Grants to Local Educational Agencies – CFDA #84.010; • Teacher Incentive Fund Cluster – CFDA #84.374 and 84.385; • ARRA Race-to-the-Top Incentive Grants, Recovery Act – CFDA #84.395 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on June 13, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

Dave Yost
Auditor of State

Columbus, Ohio

January 9, 2014

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www.ohioauditor.gov

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MAYSVILLE LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 28, 2014**