

Mary Taylor, CPA
Auditor of State

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jackson Local School District
Stark County
7984 Fulton Drive, NW
Massillon, Ohio 44646

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Local School District, Stark County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Local School District, Stark County, Ohio, as of June 30, 2008, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3.B. and Note 8, the District's net assets and capital assets have been restated due to a reappraisal.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditure Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 13, 2009

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The management's discussion and analysis of the Jackson Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets of governmental activities increased \$5,329,984 which represents a 25.27% increase from 2007's restated net assets (see Note 3.B).
- General revenues accounted for \$54,821,905 in revenue or 89.87% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$6,176,239 or 10.13% of total revenues of \$60,998,144.
- The District had \$55,668,160 in expenses related to governmental activities; \$6,176,239 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District has two major funds: the general fund and the debt service fund. The general fund had \$47,314,224 in revenues and other financing sources and \$47,483,203 in expenditures. The general fund's fund balance decreased \$221,022 from \$2,501,020 to \$2,279,998.
- The debt service fund had \$8,101,912 in revenues and \$7,155,847 in expenditures. The debt service fund's fund balance increased \$946,065 from \$4,561,754 to \$5,507,819.

Using these Basic Financial Statements

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

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 22 and 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-58 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2008 and June 30, 2007. The District's net assets have been restated as detailed in Note 3.B. to the financial statements.

	Net Assets	
	Governmental Activities	Restated Governmental Activities
	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Current and other assets	\$ 57,691,781	\$ 65,517,268
Capital assets, net	<u>95,646,091</u>	<u>91,207,478</u>
Total assets	<u>153,337,872</u>	<u>156,724,746</u>
<u>Liabilities</u>		
Current liabilities	43,947,178	48,142,313
Long-term liabilities	<u>82,969,961</u>	<u>87,491,684</u>
Total liabilities	<u>126,917,139</u>	<u>135,633,997</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	23,301,086	17,493,710
Restricted	7,046,621	8,572,109
Unrestricted (deficit)	<u>(3,926,974)</u>	<u>(4,975,070)</u>
Total net assets	<u>\$ 26,420,733</u>	<u>\$ 21,090,749</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$26,420,733.

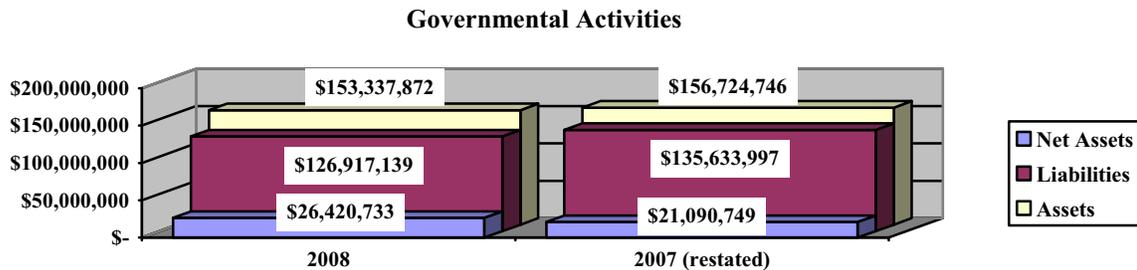
**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

At year-end, capital assets represented 62.38% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$23,301,086. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$7,046,621, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$5,514,520 is restricted for debt service and \$1,188,317 is restricted for capital projects. The remaining balance of unrestricted net assets is a deficit of \$3,926,974.

The graph below shows the District's assets, liabilities and net assets at June 30, 2008 and June 30, 2007. Certain 2007 balances have been restated due to a prior period adjustment described in Note 3.B. to the financial statements.



The table below shows the change in net assets for fiscal years 2008 and 2007. Certain 2007 balances have been restated due to a prior period adjustment described in Note 3.B. to the financial statements.

	Change in Net Assets	
	Governmental Activities <u>2008</u>	Restated Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 3,511,162	\$ 3,903,037
Operating grants and contributions	2,603,701	2,234,954
Capital grants and contributions	61,376	1,083,448
General revenues:		
Property taxes	41,531,456	39,571,866
Grants and entitlements	12,216,747	11,108,319
Investment earnings	973,959	777,850
Other	99,743	63,774
Total revenues	<u>60,998,144</u>	<u>58,743,248</u>

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

	Change in Net Assets	
	Governmental	Restated
	Activities	Governmental
	<u>2008</u>	<u>2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 21,506,153	\$ 26,809,243
Special	3,535,029	3,586,901
Vocational	1,254,297	1,290,296
Adult	86,093	96,648
Other	1,296,766	1,085,978
Support services:		
Pupil	2,818,918	2,715,596
Instructional staff	2,453,397	2,344,366
Board of education	18,087	15,809
Administration	3,358,151	3,612,295
Fiscal	1,041,650	940,671
Business	464,340	516,570
Operations and maintenance	5,300,181	5,548,509
Pupil transportation	3,178,643	3,591,279
Central	1,806,687	1,088,727
Operations of non-instructional services:		
Food service operations	1,620,710	1,600,433
Other non-instructional services	3,805	3,271
Extracurricular activities	1,791,974	1,684,673
Intergovernmental-pass through	46,718	53,826
Interest and fiscal charges	<u>4,086,561</u>	<u>3,442,254</u>
Total expenses	<u>55,668,160</u>	<u>60,027,345</u>
Change in net assets	5,329,984	(1,284,097)
Net assets at beginning of year (restated see Note 3.B)	<u>21,090,749</u>	<u>22,374,846</u>
Net assets at end of year	<u>\$ 26,420,733</u>	<u>\$ 21,090,749</u>

Governmental Activities

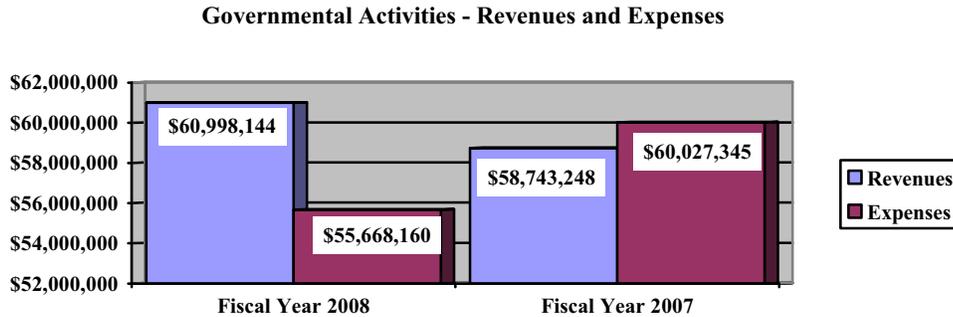
Net assets of the District's governmental activities increased \$5,329,984. Total governmental expenses of \$55,668,160 were offset by program revenues of \$6,176,239 and general revenues of \$54,821,905. Program revenues supported 11.09% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources account for 88.11% of total governmental revenue. The District successfully renewed a 6.8 mil emergency levy in August 2006. The levy will generate approximately \$8,350,000 per year. The additional income will be dedicated to fund the day to day operations of the District (e.g. salaries, utilities, textbooks, transportation).

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.



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

	Governmental Activities			
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 21,506,153	\$ 19,482,590	\$ 26,809,243	\$ 25,391,626
Special	3,535,029	3,016,410	3,586,901	2,495,664
Vocational	1,254,297	1,132,982	1,290,296	1,160,745
Adult	86,093	8,522	96,648	(33,447)
Other	1,296,766	1,296,766	1,085,978	1,085,978
Support services:				
Pupil	2,818,918	2,507,927	2,715,976	2,491,321
Instructional staff	2,453,397	2,148,529	2,344,366	2,032,218
Board of education	18,087	18,087	15,429	15,429
Administration	3,358,151	3,288,721	3,612,295	3,495,008
Fiscal	1,041,650	1,034,206	940,671	939,809
Business	464,340	464,340	516,570	516,570
Operations and maintenance	5,300,181	5,240,669	5,548,509	4,439,342
Pupil transportation	3,178,643	3,013,425	3,591,279	3,428,885
Central	1,806,687	1,750,692	1,088,727	1,035,709
Operations of non-instructional services:				
Food service operations	1,620,710	98,412	1,600,433	102,373
Other non-instructional services	3,805	2,198	3,271	310
Extracurricular activities	1,791,974	854,166	1,684,673	712,286
Intergovernmental pass-through	46,718	46,718	53,826	53,826
Interest and fiscal charges	4,086,561	4,086,561	3,442,254	3,442,254
Total	<u>\$ 55,668,160</u>	<u>\$ 49,491,921</u>	<u>\$ 60,027,345</u>	<u>\$ 52,805,906</u>

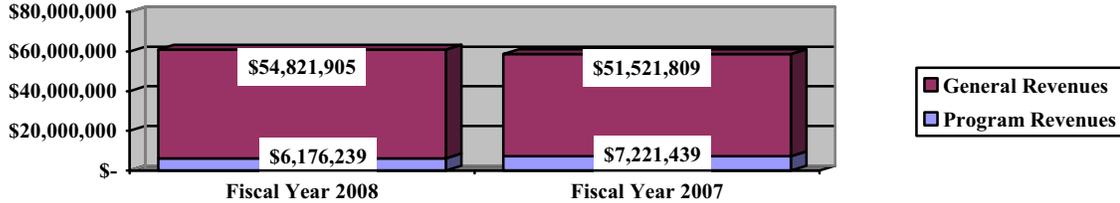
The dependence upon tax and other general revenues for governmental activities is apparent, 90.10% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 88.91%. The District's taxpayers, as a whole, are by far the primary support for District students.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$9,638,027, which is lower than last year's total of \$13,592,788. The decrease in combined fund balance is attributed to the expenditures associated with the construction project at the high school. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 2,279,998	\$ 2,501,020	\$ (221,022)	(8.84) %
Debt Service	5,507,819	4,561,754	946,065	20.74 %
Other Governmental	<u>1,850,210</u>	<u>6,530,014</u>	<u>(4,679,804)</u>	(71.67) %
Total	<u>\$ 9,638,027</u>	<u>\$ 13,592,788</u>	<u>\$ (3,954,761)</u>	(29.09) %

General Fund

During fiscal year 2008, the District's general fund balance decreased \$221,022.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues and</u>				
<u>Other financing sources</u>				
Taxes	\$ 32,958,478	\$ 32,132,770	\$ 825,708	2.57 %
Tuition	189,413	269,366	(79,953)	(29.68) %
Earnings on investments	873,384	1,015,221	(141,837)	(13.97) %
Intergovernmental	11,576,852	10,585,452	991,400	9.37 %
Other revenues	1,224,890	1,390,993	(166,103)	(11.94) %
Capital lease transactions	<u>491,207</u>	<u>127,512</u>	<u>363,695</u>	285.22 %
Total	<u>\$ 47,314,224</u>	<u>\$ 45,521,314</u>	<u>\$ 1,792,910</u>	3.94 %
<u>Expenditures</u>				
Instruction	\$ 26,775,883	\$ 27,682,781	\$ (906,898)	(3.28) %
Support services	18,319,315	17,699,347	619,968	3.50 %
Extracurricular activities	1,162,391	1,159,096	3,295	0.28 %
Intergovernmental pass-through	46,718	53,826	(7,108)	(13.21) %
Facilities acquisition and construction	517,919	710	517,209	72,846.34 %
Capital outlay	491,207	127,512	363,695	285.22 %
Debt service	<u>169,770</u>	<u>42,704</u>	<u>127,066</u>	297.55 %
Total	<u>\$ 47,483,203</u>	<u>\$ 46,765,976</u>	<u>\$ 717,227</u>	1.53 %

Overall revenues of the general fund increased \$1,792,910 or 3.94%. The most significant increases were in the areas of taxes and intergovernmental revenues. Taxes increased \$825,708 or 2.57%. This increase is primarily due to an increase in the amount of taxes advances available from the county at June 30, 2008 compared to June 30, 2007. The amount of tax advances available from the county auditors can vary depending upon when tax bills are mailed. Intergovernmental revenue increased \$991,400 or 9.37% due mainly to an increase of roughly \$800,000 in tangible personal property tax reimbursement. Capital lease transactions increased due to a new capital lease for computer equipment.

Expenditures of the general fund increased \$717,227 or 1.53%. The most significant increases were in the areas of support services, facilities acquisition and construction, capital outlay and debt service. Support services increased \$619,968 or 3.50%. This increase is due mainly to an increase in employees and scheduled contract pay raises. Facilities acquisition and construction increased due to costs associated with the construction at the District's high school. Capital outlay and debt service expenditures increased due to the inception of a new capital lease and principal and interest payments associated with that capital lease. The decrease of \$906,898 in instruction expenditures is due to an early retirement incentive instituted by the District in fiscal year 2007.

Debt Service Fund

During fiscal year 2008, the District's debt service fund balance increased \$946,065 due to tax revenues exceeding scheduled principal and interest payments on the District's bonds.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The table that follows assists in illustrating the financial activities of the debt service fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues and</u>				
<u>Other financing sources</u>				
Taxes	\$ 7,090,570	\$ 6,193,472	\$ 897,098	14.48 %
Intergovernmental	1,011,342	871,852	139,490	16.00 %
Other local revenues	-	6,422	(6,422)	N/A
Premium/accrued interest from bonds	-	2,756,408	(2,756,408)	N/A
Proceeds from sale of bonds	-	41,494,973	(41,494,973)	N/A
Total	<u>\$ 8,101,912</u>	<u>\$51,323,127</u>	<u>\$(43,221,215)</u>	(84.21) %
<u>Expenditures and</u>				
<u>Other financing uses</u>				
Fiscal	\$ 113,691	\$ 96,336	\$ 17,355	18.02 %
Debt Service:				
Principal	4,185,000	2,965,000	1,220,000	41.15 %
Interest and fiscal charges	2,857,156	2,691,368	165,788	6.16 %
Bond issuance costs	-	433,151	(433,151)	N/A
Payment to refunded bond escrow	-	43,818,230	(43,818,230)	N/A
Total	<u>\$ 7,155,847</u>	<u>\$50,004,085</u>	<u>\$(42,848,238)</u>	(85.69) %

The decreases in revenues and other financing sources and expenditures and other financing uses are due to a refunding of bonds that took place in fiscal year 2007.

General Fund Budgeting Highlights

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

During the course of fiscal year 2008, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$46,045,993 were \$47,110 higher than the original budgeted revenues estimate of \$45,998,883. Actual revenue and other financing sources of \$46,750,778 were \$704,785 greater than the final budgeted amounts.

General fund actual expenditures plus other financing uses of \$47,994,390 were \$1,237,054 lower than the final appropriations (appropriated expenditures plus other financing uses) of \$49,231,444. Final appropriations were \$500,050 higher than original appropriations of \$48,731,394.

Capital Assets and Debt Administration

Capital Assets

During fiscal year 2008, the District restated capital assets due to a reappraisal, see Note 3.B for details. At the end of fiscal year 2008, the District had \$95,646,091 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The table that follows shows June 30, 2008 balances compared to June 30, 2007:

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

	Governmental Activities	
	2008	Restated 2007
Land	\$ 1,974,208	\$ 1,974,208
Land improvements	4,349,901	4,587,959
Buildings and improvements	86,761,320	35,882,604
Furniture and equipment	1,619,612	1,889,087
Vehicles	941,050	1,304,743
Construction in progress	-	45,568,877
Total	\$ 95,646,091	\$ 91,207,478

The primary increase occurred in buildings and improvements due to the completion of the construction at the District's high school. Total additions to capital assets for fiscal year 2008 were \$6,845,699. The increase in capital assets is due to capital outlays exceeding depreciation expense of \$2,407,086.

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

Debt Administration

At June 30, 2008 the District had \$74,844,049 in general obligation bonds and capital leases outstanding. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$3,929,347 is due within one year and \$70,914,702 is due within greater than one year.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The table below summarizes the bonds and capital leases outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Current interest bonds - 2007	\$ 39,530,000	\$ 40,295,000
Capital appreciation bonds - 2007	1,519,405	1,257,759
Current interest bonds - 2005A	4,085,000	5,270,000
Capital appreciation bonds - 2005A	2,129,159	1,908,437
Current interest bonds - 2005B	16,045,000	16,475,000
Capital appreciation bonds - 2005B	2,248,017	2,019,187
Current interest bonds - 2004	3,485,000	4,385,000
Capital appreciation bonds - 2004	2,444,102	2,080,117
Current interest bonds - 2000	2,010,000	2,010,000
Capital appreciation bonds - 2000	886,853	1,656,270
Capital leases	<u>461,513</u>	<u>183,870</u>
Total	<u>\$ 74,844,049</u>	<u>\$ 77,540,640</u>

At June 30, 2008, the District's overall legal debt margin was \$44,860,983 with an unvoted debt margin of \$1,263,730.

See Note 10 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities. National events economically affect the Jackson Local School District and the surrounding area and the District continually reviews and analyzes the impact this has on its property tax base and collections. The Board of Education and administration will continue to closely monitor its revenue and expenditures to ensure they are in accordance with its financial forecast.

As the preceding information shows, the District relies heavily on local property taxes for funding its operations. In order to maintain a positive general fund balance, additional revenue and/or further reductions in expenditures will be necessary. The District has communicated to its community its reliance upon their support for the major part of its operations and will continue to work diligently to plan expenditures staying carefully within the District's five-year financial plan.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

On February 3, 2009, voters approved a 4.9-mill levy. The District has been conservative when spending funds. Cuts to planned expenditures have been made over the past three school years to extend the life of the balance in the general fund. Those cuts included the elimination of teaching positions, administrative position and non-teaching positions, along with combining high school and middle school bus routes. In addition, the District offered an early retirement incentive program to certified employees at the end of the 2007 and 2008 school years. This program allowed the District to hire new certified staff at a lower salary step. This will save the District salary and benefit costs. Salary and benefits costs comprise the largest percentage of the District's operating budget.

The impact to the District on its tangible tax base and collections will be significant over the next 10 years. Personal property taxes will be phased out beginning in 2011 through 2017. The District currently collects over \$4 million in tangible personal property taxes.

Over the past 10 years, there were only 2 years in which the District saw significant increases in enrollment. Without significant growth in enrollment, the District cannot realize additional State revenues.

As a result, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Linda Paris, Treasurer, Jackson Local School District, 7984 Fulton Drive NW, Massillon, Ohio 44646.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 15,845,906
Cash with escrow agent.	23,646
Receivables:	
Taxes	40,674,098
Accounts	59,770
Intergovernmental	61,261
Accrued interest	76,427
Prepayments	35,709
Materials and supplies inventory	130,632
Loans receivable	1,102
Unamortized bond issue costs	783,230
Capital assets:	
Land	1,974,208
Depreciable capital assets, net	93,671,883
Capital assets, net	95,646,091
Total assets.	153,337,872
Liabilities:	
Accounts payable.	84,706
Retainage payable	23,646
Accrued wages and benefits	4,867,623
Pension obligation payable.	1,109,017
Intergovernmental payable	197,256
Unearned revenue	37,444,739
Accrued interest payable	220,191
Long-term liabilities:	
Due within one year.	6,192,122
Due within more than one year	76,777,839
Total liabilities	126,917,139
Net Assets:	
Invested in capital assets, net of related debt.	23,301,086
Restricted for:	
Capital projects	1,188,317
Debt service.	5,514,520
Federally funded programs	8,541
Student activities	335,243
Unrestricted (deficit).	(3,926,974)
Total net assets	\$ 26,420,733

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 21,506,153	\$ 949,857	\$ 1,037,134	\$ 36,572	\$ (19,482,590)
Special	3,535,029	54,395	464,224	-	(3,016,410)
Vocational	1,254,297	76,420	44,895	-	(1,132,982)
Adult	86,093	43,862	33,709	-	(8,522)
Other	1,296,766	-	-	-	(1,296,766)
Support services:					
Pupil	2,818,918	178,066	132,925	-	(2,507,927)
Instructional staff	2,453,397	1,851	303,017	-	(2,148,529)
Board of education	18,087	-	-	-	(18,087)
Administration	3,358,151	45,375	24,055	-	(3,288,721)
Fiscal	1,041,650	-	7,444	-	(1,034,206)
Business	464,340	-	-	-	(464,340)
Operations and maintenance	5,300,181	59,455	57	-	(5,240,669)
Pupil transportation	3,178,643	11,511	128,903	24,804	(3,013,425)
Central	1,806,687	17,833	38,162	-	(1,750,692)
Operation of non-instructional services:					
Food service operations	1,620,710	1,142,917	379,381	-	(98,412)
Other non-instructional services	3,805	-	1,607	-	(2,198)
Extracurricular activities	1,791,974	929,620	8,188	-	(854,166)
Intergovernmental pass-through	46,718	-	-	-	(46,718)
Interest and fiscal charges	4,086,561	-	-	-	(4,086,561)
Total governmental activities	\$ 55,668,160	\$ 3,511,162	\$ 2,603,701	\$ 61,376	(49,491,921)
General Revenues:					
Property taxes levied for:					
					33,176,607
					7,147,927
					1,206,922
					12,216,747
					973,959
					99,743
					<u>54,821,905</u>
					5,329,984
					<u>21,090,749</u>
					<u>\$ 26,420,733</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 8,640,218	\$ 5,174,450	\$ 2,031,238	\$ 15,845,906
Cash with escrow agent	-	-	23,646	23,646
Receivables:				
Taxes	32,880,446	6,570,857	1,222,795	40,674,098
Accounts	46,341	-	13,429	59,770
Intergovernmental	-	-	61,261	61,261
Accrued interest	76,333	-	94	76,427
Interfund loans	9,030	-	-	9,030
Prepayments	35,709	-	-	35,709
Materials and supplies inventory	104,217	-	26,415	130,632
Loans receivable	1,102	-	-	1,102
Total assets	<u>\$ 41,793,396</u>	<u>\$ 11,745,307</u>	<u>\$ 3,378,878</u>	<u>\$ 56,917,581</u>
Liabilities:				
Accounts payable	\$ 54,159	\$ -	\$ 30,547	\$ 84,706
Contracts payable	-	-	23,646	23,646
Accrued wages and benefits	4,647,178	-	220,445	4,867,623
Compensated absences payable	570,912	-	-	570,912
Pension obligation payable	1,040,419	-	68,598	1,109,017
Intergovernmental payable	188,992	-	8,264	197,256
Interfund loan payable	-	-	9,030	9,030
Early retirement incentive payable	1,540,756	-	-	1,540,756
Unearned revenue	30,303,206	6,010,596	1,130,937	37,444,739
Deferred revenue	1,167,776	226,892	37,201	1,431,869
Total liabilities	<u>39,513,398</u>	<u>6,237,488</u>	<u>1,528,668</u>	<u>47,279,554</u>
Fund Balances:				
Reserved for encumbrances	734,260	-	449,188	1,183,448
Reserved for materials and supplies inventory	104,217	-	26,415	130,632
Reserved for prepayments	35,709	-	-	35,709
Reserved for property tax unavailable for appropriation	1,442,566	333,369	54,657	1,830,592
Reserved for debt service	-	5,174,450	-	5,174,450
Unreserved, undesignated (deficit), reported in:				
General fund	(36,754)	-	-	(36,754)
Special revenue funds	-	-	623,258	623,258
Capital projects funds	-	-	696,692	696,692
Total fund balances	<u>2,279,998</u>	<u>5,507,819</u>	<u>1,850,210</u>	<u>9,638,027</u>
Total liabilities and fund balances	<u>\$ 41,793,396</u>	<u>\$ 11,745,307</u>	<u>\$ 3,378,878</u>	<u>\$ 56,917,581</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances		\$	9,638,027
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			95,646,091
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Delinquent taxes receivable	\$	1,399,555	
Accrued interest receivable		32,314	
Total			1,431,869
Unamortized deferred charges are not recognized in the funds.			3,017,915
Unamortized premiums on bond issuance is not recognized in the funds.			(4,988,018)
Unamortized bond issuance costs are not recognized in the funds.			783,230
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(220,191)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(4,030,925)	
Early retirement incentive payable		(13,216)	
General obligation bonds payable		(74,382,536)	
Capital lease obligation payable		(461,513)	
Total			(78,888,190)
Net assets of governmental activities		\$	26,420,733

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 32,958,478	\$ 7,090,570	\$ 1,199,462	\$ 41,248,510
Tuition.	189,413	-	43,862	233,275
Transportation fees	11,511	-	-	11,511
Charges for services.	-	-	1,142,917	1,142,917
Earnings on investments.	873,384	-	147,307	1,020,691
Extracurricular.	390,420	-	658,551	1,048,971
Classroom materials and fees	591,573	-	124,269	715,842
Other local revenues.	231,386	-	400,808	632,194
Intergovernmental - intermediate.	119,437	-	-	119,437
Intergovernmental - state.	11,394,473	1,011,342	292,398	12,698,213
Intergovernmental - federal	62,942	-	1,871,235	1,934,177
Total revenues.	46,823,017	8,101,912	5,880,809	60,805,738
Expenditures:				
Current:				
Instruction:				
Regular	21,870,888	-	460,674	22,331,562
Special.	2,498,891	-	944,778	3,443,669
Vocational.	1,102,264	-	53,760	1,156,024
Adult	-	-	86,093	86,093
Other.	1,303,840	-	-	1,303,840
Support services:				
Pupil.	2,588,557	-	253,157	2,841,714
Instructional staff	2,065,507	-	305,165	2,370,672
Board of education	18,087	-	-	18,087
Administration.	3,221,811	-	60,239	3,282,050
Fiscal	899,209	113,691	21,274	1,034,174
Business	493,289	-	-	493,289
Operations and maintenance.	5,051,855	-	18,721	5,070,576
Pupil transportation	2,769,898	-	-	2,769,898
Central.	1,208,953	-	55,075	1,264,028
Operation of non-instructional services:				
Food service operations	-	-	1,478,842	1,478,842
Other non-instructional services	2,149	-	1,656	3,805
Extracurricular activities.	1,162,391	-	490,186	1,652,577
Intergovernmental pass-through	46,718	-	-	46,718
Facilities acquisition and construction	517,919	-	6,327,780	6,845,699
Capital outlay	491,207	-	-	491,207
Debt service:				
Principal retirement	157,206	4,185,000	-	4,342,206
Interest and fiscal charges	12,564	2,857,156	-	2,869,720
Total expenditures	47,483,203	7,155,847	10,557,400	65,196,450
Excess (deficiency) of revenues over (under) expenditures.	(660,186)	946,065	(4,676,591)	(4,390,712)
Other financing sources:				
Capital lease transaction.	491,207	-	-	491,207
Total other financing sources.	491,207	-	-	491,207
Net change in fund balances	(168,979)	946,065	(4,676,591)	(3,899,505)
Fund balances at beginning of year.	2,501,020	4,561,754	6,530,014	13,592,788
Decrease in reserve for inventory.	(52,043)	-	(3,213)	(55,256)
Fund balances at end of year	\$ 2,279,998	\$ 5,507,819	\$ 1,850,210	\$ 9,638,027

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds \$ (3,899,505)

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 costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$ 6,845,699	
Current year depreciation	(2,407,086)	
Total		4,438,613

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.

(55,256)

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

Taxes	282,946	
Intergovernmental revenue	(44,569)	
Earnings on investments	(45,971)	
Total		192,406

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

Bonds	4,185,000	
Capital leases	157,206	
Total		4,342,206

Capital lease obligation payable balance forgiven as part of the lease trade-in agreement. This reduces the long-term obligations on the statement of net assets.

56,358

Inception of capital lease transactions are recorded as an other financing source in the funds; however, in the statement of activities they are not reported as revenues as they increase liabilities on the statement of net assets.

(491,207)

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

Increase in accrued interest payable	(89,733)	
Accreted interest on capital appreciation bonds	(1,210,766)	
Amortization of deferred charges	(268,027)	
Amortization of bond premium	420,534	
Amortization of bond issuance costs	(68,849)	
Total		(1,216,841)

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

1,963,210

Change in net assets of governmental activities \$ 5,329,984

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
From local sources:				
Taxes	\$ 32,941,816	\$ 32,934,655	\$ 32,815,504	\$ (119,151)
Tuition.	272,359	272,300	189,413	(82,887)
Earnings on investments.	880,191	880,000	869,657	(10,343)
Transportation fees.	12,003	12,000	11,511	(489)
Extracurricular	330,072	330,000	390,371	60,371
Classroom materials and fees.	582,627	582,500	590,088	7,588
Other local revenues.	294,064	294,000	210,517	(83,483)
Other revenue.	18,004	18,000	41,368	23,368
Intergovernmental - intermediate.	78,617	78,600	119,437	40,837
Intergovernmental - state	10,526,116	10,523,828	11,394,474	870,646
Intergovernmental - federal.	63,014	63,000	62,942	(58)
Total revenues	45,998,883	45,988,883	46,695,282	706,399
Expenditures:				
Current:				
Instruction:				
Regular	22,815,476	22,631,489	22,494,847	136,642
Special.	2,877,832	2,637,202	2,521,563	115,639
Vocational.	1,247,395	1,094,915	923,999	170,916
Other.	1,042,200	1,372,200	1,368,979	3,221
Support services:				
Pupil.	2,543,099	2,718,254	2,615,545	102,709
Instructional staff	1,861,590	2,011,790	1,968,649	43,141
Board of education	20,000	20,100	17,501	2,599
Administration.	3,635,506	3,404,098	3,255,139	148,959
Fiscal	905,385	934,385	906,615	27,770
Business	614,213	614,213	534,332	79,881
Operations and maintenance.	5,085,718	5,434,018	5,315,690	118,328
Pupil transportation	2,883,684	2,928,684	2,833,119	95,565
Central.	1,750,592	1,470,792	1,408,469	62,323
Operation of non-instructional services	-	3,850	2,149	1,701
Extracurricular activities.	1,273,526	1,286,276	1,195,537	90,739
Facilities acquisition and construction.	15,000	585,000	567,931	17,069
Intergovernmental pass-through	55,272	58,272	49,718	8,554
Total expenditures	48,626,488	49,205,538	47,979,782	1,225,756
Excess (deficiency) of revenues over (under) expenditures.	(2,627,605)	(3,216,655)	(1,284,500)	1,932,155
Other financing sources (uses):				
Refund of prior year expenditure	-	52,110	50,546	(1,564)
Refund of prior year receipt.	(8,906)	(8,906)	(4,476)	4,430
Transfers (out)	(6,000)	(6,000)	-	6,000
Advances in.	-	5,000	4,950	(50)
Advances (out)	(90,000)	(11,000)	(10,132)	868
Total other financing sources (uses)	(104,906)	31,204	40,888	9,684
Net change in fund balance	(2,732,511)	(3,185,451)	(1,243,612)	1,941,839
Fund balance at beginning of year.	8,320,369	8,320,369	8,320,369	-
Prior year encumbrances appropriated	774,533	774,533	774,533	-
Fund balance at end of year.	\$ 6,362,391	\$ 5,909,451	\$ 7,851,290	\$ 1,941,839

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments.	\$ 58,733	\$ 124,624
Receivables:		
Accounts	-	288
Total assets.	58,733	\$ 124,912
Liabilities:		
Accounts payable.	28	\$ 9,443
Loans payable	-	1,102
Due to students	-	114,367
Total liabilities	28	\$ 124,912
Net Assets:		
Held in trust for scholarships	58,705	
Total net assets	\$ 58,705	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 1,774
Gifts and contributions.	28,758
	30,532
Total additions.	30,532
Deductions:	
Scholarships awarded	21,663
	8,869
Change in net assets	8,869
Net assets at beginning of year	49,836
Net assets at end of year.	\$ 58,705

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Jackson Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The District ranks as the 54th largest by total enrollment among the 896 public and community school districts in the State and 3rd largest in Stark County. The District employs 272 non-certified and 353 certified employees to provide services to 5,913 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

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

JOINTLY GOVERNED ORGANIZATIONS

Stark-Portage Area Computer Consortium (SPARCC)

The District is a member of SPARCC, a jointly governed organization which provides computer services to the school districts within the boundaries of Stark and Portage Counties. Each District's superintendent serves as a representative on the Board, which consists of 31 member districts; however, SPARCC is primarily governed by a five-member executive board, which is made up of two representatives from Stark County, two from Portage County, and a Treasurer. The Board meets monthly to address any current issues.

PUBLIC ENTITY RISK POOLS

Stark County Schools Council of Governments (the "Council")

The Council is governed by an assembly, which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program, which is a shared risk pool comprised of a 42 member council of which 27 are member school districts.

Stark County Schools Council of Governments Workers' Compensation Group Rating Plan

The Stark County Schools Council of Governments Workers' Compensation Group Rating Plan has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The governing body is comprised of the superintendents and the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the District and the other group members. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entity annually based on its payroll percent of the group.

Stark County Tax Incentive Review Council (SCTIRC)

SCTIRC is a jointly governed organization, created as a regional council of governments pursuant to State statutes. SCTIRC has 24 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the County Auditor's office and six members appointed by boards of education located within the enterprise zones of Stark County. The SCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the Council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the SCTIRC is not dependent upon the District's continued participation and no measurable equity interest exists.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

GOVERNMENTAL FUNDS

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bonds and notes principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds, (b) food service operations; and (c) for grants and other resources whose use is restricted to a particular purpose.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

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

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

D. Basis of Accounting

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

Revenues - Exchange and 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 District, available means expected to be received within sixty days of fiscal year-end.

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

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternate tax budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the object level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the object level of expenditures, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures.

Tax Budget:

On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15th and the filing by January 20th. The Budget Commission now requires an alternate tax budget be submitted by January 20th, which no longer requires specific Board approval.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts from the Certificate of Estimated Resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual Appropriation Resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriation Resolution, at the fund level for all funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

During fiscal year 2008, investments were limited to nonnegotiable certificates of deposits, U.S. Government money market and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the Building capital projects fund, or certain trust funds individually authorized by board resolution. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$873,384, which includes \$401,997 assigned from other District funds.

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

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

G. Inventory

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

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

H. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of ten thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Unamortized Bond Issuance Cost/Bond Premium and Discount/Accounting Gain or Loss

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

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

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

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10 A.

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets.

K. Compensated Absences

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) benefits. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2008, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future, all employees at least 50 years of age with 10 years of service or any age with at least 15 years of service, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, materials and supplies inventory, property taxes unavailable for appropriation and debt service. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

N. Net Assets

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

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

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved on the fund financial statements by an amount equal to the carrying value of the asset.

P. Estimates

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2008, the District did not incur any transactions that would be classified as an extraordinary item or special item.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

B. Restatement of Net Assets

The District's net assets have been restated to reflect a reappraisal of the District's capital assets. The reappraisal of the District's capital assets had the following effect on net assets as previously reported by the governmental activities:

	<u>Governmental Activities</u>
Net assets, June 30, 2007	\$ 4,670,300
Adjustment for capital assets reappraisal	<u>16,420,449</u>
Restated net assets, June 30, 2007	<u>\$ 21,090,749</u>

See Note 8 for the effect of the change on capital assets balances as previously reported by the District at June 30, 2007.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 38,011
Uniform School Supplies	3,994
Martha Holden Jennings Grant	280
Motorcycle Safety and Education	140
Entry Year Programs	59
SchoolNet	20
Miscellaneous State Grants	3
Limited English Proficiency	12
Title I	7,494

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash with Escrow Agent

At fiscal year-end, \$23,646 was on deposit with an escrow agent for retainage held as part of the District's construction contracts. This amount is not included in the total amount of deposits reported below and is reported on the financial statements as "cash with escrow agent".

B. Cash on Hand

At fiscal year-end, the District had \$2,663 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$11,987,492. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2008, \$12,153,263 of the District’s bank balance of \$12,453,263 was exposed to custodial risk as discussed below, while \$300,000 was covered by the Federal Deposit Insurance Corporation.

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

D. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 4,017,269	\$ 4,017,269
U.S. Government money market	<u>21,839</u>	<u>21,839</u>
Total	<u>\$ 4,039,108</u>	<u>\$ 4,039,108</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor’s has assigned STAR Ohio and the U.S. Government money market AAAm money market ratings.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 4,017,269	99.46
U.S. Government money market	<u>21,839</u>	<u>0.56</u>
Total	<u>\$ 4,039,108</u>	<u>100.02</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,987,492
Investments	4,039,108
Cash with escrow agent	23,646
Cash on hand	<u>2,663</u>
Total	<u>\$ 16,052,909</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 15,869,552
Private-purpose trust funds	58,733
Agency funds	<u>124,624</u>
Total	<u>\$ 16,052,909</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2008 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 9,030
General	Agency fund	<u>1,102</u>
Total		<u>\$ 10,132</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2008 are reported on the statement of net assets. Interfund balances between governmental funds and agency funds appear as "loans receivable/payable" on the statement of net assets, the balance sheet and the statement of fiduciary net assets.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.5% for property including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Stark and Summit Counties. The Stark County Auditor and the Summit County Fiscal Officer periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2008 was \$1,442,566 in the general fund, \$333,369 in the debt service fund and \$54,657 in the permanent improvement capital projects fund (a nonmajor governmental fund). These amounts have been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$1,299,592 in the general fund, \$282,954 in the debt service fund, and \$49,644 in the permanent improvement capital projects fund (a nonmajor governmental fund).

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,209,618,100	91.62	\$ 1,231,230,250	93.39
Public utility personal	35,020,300	2.65	32,463,260	2.46
Tangible personal property	<u>75,573,679</u>	<u>5.73</u>	<u>54,726,568</u>	<u>4.15</u>
Total	<u>\$ 1,320,212,079</u>	<u>100.00</u>	<u>\$ 1,318,420,078</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$47.40		\$48.00	
Permanent improvements	\$1.00		\$1.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities

Taxes	\$ 40,674,098
Accounts	59,770
Intergovernmental	61,261
Accrued interest	<u>76,427</u>
Total	<u>\$ 40,871,556</u>

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 8 - CAPITAL ASSETS

Capital assets of the governmental activities have been restated due to a reappraisal of the District's capital assets. The reappraisal had the following effect on the governmental activities capital asset balances as previously reported:

	Balance		Restated
	June 30, 2007	Adjustment	Balance
	<u>June 30, 2007</u>	<u>Adjustment</u>	<u>June 30, 2007</u>
<i>Capital assets, not being depreciated:</i>			
Land	\$ 1,974,208	\$ -	\$ 1,974,208
Construction in progress	<u>28,316,954</u>	<u>17,251,923</u>	<u>45,568,877</u>
Total capital assets, not being depreciated	<u>30,291,162</u>	<u>17,251,923</u>	<u>47,543,085</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	5,029,164	1,596,761	6,625,925
Buildings and improvements	66,298,953	(12,232,884)	54,066,069
Furniture and equipment	2,386,220	1,419,540	3,805,760
Vehicles	<u>4,856,648</u>	<u>17,329</u>	<u>4,873,977</u>
Total capital assets, being depreciated	<u>78,570,985</u>	<u>(9,199,254)</u>	<u>69,371,731</u>
<i>Less: accumulated depreciation</i>			
Land improvements	(619,982)	(1,417,984)	(2,037,966)
Buildings and improvements	(28,786,924)	10,603,459	(18,183,465)
Furniture and equipment	(1,566,015)	(350,658)	(1,916,673)
Vehicles	<u>(3,102,197)</u>	<u>(467,037)</u>	<u>(3,569,234)</u>
Total accumulated depreciation	<u>(34,075,118)</u>	<u>8,367,780</u>	<u>(25,707,338)</u>
Total capital assets, being depreciated	<u>44,495,867</u>	<u>(831,474)</u>	<u>43,664,393</u>
Governmental activities capital assets, net	<u>\$ 74,787,029</u>	<u>\$ 16,420,449</u>	<u>\$ 91,207,478</u>

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 8 - CAPITAL ASSETS - (Continued)

	Restated Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2008</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,974,208	\$ -	\$ -	\$ 1,974,208
Construction in progress	<u>45,568,877</u>	<u>6,715,990</u>	<u>(52,284,867)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>47,543,085</u>	<u>6,715,990</u>	<u>(52,284,867)</u>	<u>1,974,208</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	6,625,925	129,709	-	6,755,634
Building and improvements	54,066,069	52,284,867	-	106,350,936
Furniture and equipment	3,805,760	-	-	3,805,760
Vehicles	<u>4,873,977</u>	<u>-</u>	<u>-</u>	<u>4,873,977</u>
Total capital assets, being depreciated	<u>69,371,731</u>	<u>52,414,576</u>	<u>-</u>	<u>121,786,307</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,037,966)	(367,767)	-	(2,405,733)
Building and improvements	(18,183,465)	(1,406,151)	-	(19,589,616)
Furniture and equipment	(1,916,673)	(269,475)	-	(2,186,148)
Vehicles	<u>(3,569,234)</u>	<u>(363,693)</u>	<u>-</u>	<u>(3,932,927)</u>
Total accumulated depreciation	<u>(25,707,338)</u>	<u>(2,407,086)</u>	<u>-</u>	<u>(28,114,424)</u>
Governmental activities capital assets, net	<u>\$ 91,207,478</u>	<u>\$ 56,723,480</u>	<u>\$(52,284,867)</u>	<u>\$ 95,646,091</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,260,945
Special	46,193
Vocational	78,742

Support Services:

Pupil	28,423
Instructional staff	79,408
Administration	42,296
Fiscal	2,706
Business	25,502
Operations and maintenance	149,937
Pupil transportation	385,098
Central	36,603
Extracurricular activities	129,177
Food service operations	<u>142,056</u>
Total depreciation expense	<u>\$2,407,086</u>

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years and in the current year, the District entered into capitalized leases for copiers and computer equipment. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as business and central function expenditures on the budgetary statements.

Computer equipment in the amount of \$491,207 has not been capitalized since the assets do not meet the District's capitalization threshold. A corresponding liability of \$355,708 at June 30, 2008 has been recorded in the government-wide financial statements.

Capital assets consisting of equipment have been capitalized in the amount of \$127,512. Accumulated depreciation on these assets was \$38,253, resulting in a carrying value of \$89,259. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2008 totaled \$157,206 paid by the general fund. In addition to the amount of principal retired, the District also traded in leases with principal balances of \$56,358.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 169,771
2010	169,770
2011	169,770
2012	<u>30,996</u>
Total minimum lease payments	<u>540,307</u>
Less: amount representing interest	<u>(78,794)</u>
Total	<u>\$ 461,513</u>

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2008, the following activity occurred in governmental activities long-term obligations:

	Balance			Balance	Amount
	<u>June 30, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2008</u>	<u>Due in</u>
					<u>One Year</u>
General obligation bonds	\$ 77,356,770	\$ 1,210,766	\$ (4,185,000)	\$ 74,382,536	\$ 3,796,720
Capital lease obligations	183,870	491,207	(213,564)	461,513	132,627
Early retirement incentive	3,103,064	41,672	(1,590,764)	1,553,972	1,540,756
Compensated absences	<u>4,725,370</u>	<u>400,185</u>	<u>(523,718)</u>	<u>4,601,837</u>	<u>722,019</u>
Total	<u>\$ 85,369,074</u>	<u>\$ 2,143,830</u>	<u>\$ (6,513,046)</u>	80,999,858	<u>\$ 6,192,122</u>
Less: deferred charge on refunding				(3,017,915)	
Add: unamortized premium				<u>4,988,018</u>	
Total on statement of net assets				<u>\$ 82,969,961</u>	

General Obligation Bonds: See Note 10.B-10.F for more details.

Capital lease obligations: See Note 9 for details. Of the \$461,513 liability at June 30, 2008, only \$105,805 is included in the calculation for invested in capital assets, net of related debt.

Early Retirement Incentive Program: The District has offered an early retirement incentive (ERI) to non-certified staff and certified teaching staff. A liability for severance payments due under the ERI have been recorded on the fund financial statements, in the general fund, as early retirement incentive payable to the extent the liability is expected to be liquidated with expendable available resources. A liability for severance payments due under the ERI has been recorded on the statement of net assets as a long-term liability if the liability is not expected to be liquidated with expendable available resources.

Compensated Absences: The District pays compensated absences primarily from the general fund and food service fund (a nonmajor governmental fund).

- B. Series 2000 General Obligation Bonds: On August 3, 2000, the District issued general obligation bonds to provide funds for the construction and improvements to various school facilities. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond issue are recorded as an expenditure in the debt service fund.

During fiscal year 2005, \$19,045,000, of the current interest bonds were refunded. The District paid \$416,961 in principal on the capital appreciation bonds during 2008. None of the capital appreciation bonds were refunded.

At June 30, 2008, the remaining Series 2000 issue is comprised of both current interest bonds, par value \$2,010,000 and capital appreciation bonds, par value \$387,548.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2010. During fiscal year 2008, one capital appreciation bond matured at an accreted value of \$905,000. The remaining capital appreciation bonds mature on December 1, 2008 (effective interest 10.86%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the remaining capital appreciation bond is \$935,000. A total of \$499,305 in accreted interest on the capital appreciation bond has been included in the statement of net assets at June 30, 2008.

The following is a schedule of activity for fiscal year 2008 on the Series 2000 general obligation bonds:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Current interest bonds -				
Series 2000	\$ 2,010,000	\$ -	\$ -	\$ 2,010,000
Capital appreciation bonds -				
Series 2000	804,509	-	(416,961)	387,548
Capital appreciation bonds -				
Accreted interest	<u>851,761</u>	<u>135,583</u>	<u>(488,039)</u>	<u>499,305</u>
Total G.O. bonds	<u>\$ 3,666,270</u>	<u>\$ 135,583</u>	<u>\$ (905,000)</u>	<u>\$ 2,896,853</u>

The following is a summary of the future debt service requirements to maturity for the Series 2000 general obligation bonds:

Year Ending <u>June 30,</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 98,490	\$ 98,490	\$ 387,548	\$ 547,452	\$ 935,000
2010	965,000	74,847	1,039,847	-	-	-
2011	<u>1,045,000</u>	<u>24,602</u>	<u>1,069,602</u>	-	-	-
Total	<u>\$ 2,010,000</u>	<u>\$ 197,939</u>	<u>\$ 2,207,939</u>	<u>\$ 387,548</u>	<u>\$ 547,452</u>	<u>\$ 935,000</u>

- C. Series 2004 General Obligation Bonds: On May 19, 2004, the District issued general obligation bonds to provide funds for improvements to school facilities. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond issue are recorded as an expenditure in the debt service fund.

During fiscal year 2007, the District refunded \$41,495,000 of the current interest bonds.

This issue is comprised of both current interest bonds, par value \$47,225,000, and capital appreciation bonds, par value \$1,274,938. The interest rates on the current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on December 1, 2009 (effective interest rate 16.80%) and December 1, 2010 (effective interest rate 16.80%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$3,110,000. A total of \$704,207 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2008.

**JACKSON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2013.

The following is a schedule of activity for fiscal year 2008 on the Series 2004 general obligations:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Current interest bonds - Series 2004	\$ 4,385,000	\$ -	\$ (900,000)	\$ 3,485,000
Capital appreciation bonds - Series 2004	1,274,938	-	-	1,274,938
Capital appreciation bonds - Accreted interest	<u>805,179</u>	<u>363,985</u>	<u>-</u>	<u>1,169,164</u>
Total G.O. bonds	<u>\$ 6,465,117</u>	<u>\$ 363,985</u>	<u>\$ (900,000)</u>	<u>\$ 5,929,102</u>

The following is a summary of the future debt service requirements to maturity for the Series 2004 general obligation bonds:

Year Ending <u>June 30,</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 136,600	\$ 136,600	\$ 466,822	\$ 503,178	\$ 970,000
2010	-	136,600	136,600	417,751	602,249	1,020,000
2011	-	136,600	136,600	390,365	729,635	1,120,000
2012	1,120,000	115,600	1,235,600	-	-	-
2013	1,160,000	71,400	1,231,400	-	-	-
2014	<u>1,205,000</u>	<u>24,100</u>	<u>1,229,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,485,000</u>	<u>\$ 620,900</u>	<u>\$ 4,105,900</u>	<u>\$ 1,274,938</u>	<u>\$ 1,835,062</u>	<u>\$ 3,110,000</u>

- D. *Series 2005 A Refunding Bonds:*** On September 30, 2004, the District issued general obligation bonds (Series 2005A Refunding Bonds) to advance refund the callable portion of the Series 1993 Current Interest General Obligation Bonds (principal \$7,440,000). The issuance proceeds of \$7,439,952 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$6,015,000, and capital appreciation bonds, par value \$1,424,952. The capital appreciation bonds mature December 1, 2008 (effective interest rate 10.994%), December 1, 2009 (effective interest rate 10.994%) and December 1, 2010 (effective interest rate 10.994%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,650,000. Total accreted interest of \$1,169,164 on the capital appreciation bonds has been included on the statement of net assets at June 30, 2008.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity state in the issue is December 1, 2013.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2008 on the Series 2005A refunding bonds:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2008</u>
Current interest bonds -				
Series 2005 A refunding bonds	\$ 5,270,000	\$ -	\$ (1,185,000)	\$ 4,085,000
Capital appreciation bonds -				
Series 2005 A refunding bonds	1,424,952	-	-	1,424,952
Capital appreciation bonds -				
Accreted interest	<u>483,485</u>	<u>220,722</u>	<u>-</u>	<u>704,207</u>
Total G.O. bonds	<u>\$ 7,178,437</u>	<u>\$ 220,722</u>	<u>\$ (1,185,000)</u>	<u>\$ 6,214,159</u>

The following is a summary of the future debt service requirements to maturity for the Series 2005A refunding bonds:

Year Ending <u>June 30,</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,235,000	\$ 116,756	\$ 1,351,756	\$ -	\$ -	\$ -
2010	-	99,775	99,775	732,630	557,370	1,290,000
2011	-	99,775	99,775	692,322	667,678	1,360,000
2012	1,385,000	75,538	1,460,538	-	-	-
2013	1,455,000	25,837	1,480,837	-	-	-
2014	<u>10,000</u>	<u>188</u>	<u>10,188</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,085,000</u>	<u>\$ 417,869</u>	<u>\$ 4,502,869</u>	<u>\$ 1,424,952</u>	<u>\$ 1,225,048</u>	<u>\$ 2,650,000</u>

- E. *Series 2005 B Refunding Bonds:* On April 21, 2005, the District issued general obligation bonds (Series 2005B Refunding Bonds) to advance refund a portion of the Series 2000 current interest general obligation bonds (principal \$19,045,000). The issuance proceeds of \$19,044,916 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$17,435,000, and capital appreciation bonds, par value \$1,609,916. The capital appreciation bonds mature December 1, 2011 (effective interest rate 10.994%) and December 1, 2012 (effective interest rate 10.994%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$3,450,000. Total accreted interest of \$638,101 on the capital appreciation bonds has been included on the statement of net assets at June 30, 2008.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2019.

**JACKSON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2008 on the Series 2005B refunding bonds:

	Balance <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2008</u>
Current interest bonds -				
Series 2005 B refunding bonds	\$ 16,475,000	\$ -	\$ (430,000)	\$ 16,045,000
Capital appreciation bonds -				
Series 2005 B refunding bonds	1,609,916	-	-	1,609,916
Capital appreciation bonds -				
Accreted interest	<u>409,271</u>	<u>228,830</u>	<u>-</u>	<u>638,101</u>
Total G.O. bonds	<u>\$ 18,494,187</u>	<u>\$ 228,830</u>	<u>\$ (430,000)</u>	<u>\$ 18,293,017</u>

The following is a summary of the future debt service requirements to maturity for the Series 2005B refunding bonds:

Year Ending <u>June 30,</u>	Current Interest Bonds			Capital Appreciation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 440,000	\$ 771,625	\$ 1,211,625	\$ -	\$ -	\$ -
2010	450,000	757,150	1,207,150	-	-	-
2011	565,000	739,380	1,304,380	-	-	-
2012	-	729,500	729,500	841,132	868,868	1,710,000
2013	-	729,500	729,500	768,784	971,216	1,740,000
2014 - 2018	10,630,000	2,378,750	13,008,750	-	-	-
2019 - 2020	<u>3,960,000</u>	<u>173,250</u>	<u>4,133,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,045,000</u>	<u>\$ 6,279,155</u>	<u>\$ 22,324,155</u>	<u>\$ 1,609,916</u>	<u>\$ 1,840,084</u>	<u>\$ 3,450,000</u>

- F. Series 2007 Refunding Bonds: On March 2, 2007, the District issued general obligation bonds (Series 2007 Refunding Bonds) to advance refund \$41,495,000 of the Series 2004 Current Interest General Obligation Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$40,295,000, and capital appreciation bonds, par value \$1,199,973. The interest rates on the current interest bonds range from 3.58% to 4.38%. The capital appreciation bonds mature on December 1, 2014 (effective interest rate 19.043%), December 1, 2015 (effective interest rate 19.048%), December 1, 2016 (effective interest rate 19.052%) and December 1, 2017 (effective interest rate 19.055%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$6,740,000. Total accreted interest of \$319,432 has been included on the statement of net assets. Interest payments of the current interest bonds are due on June 1 and December 1 of each year. The final maturity date stated on the issue is December 1, 2033. A total of \$319,432 in accreted interest on the capital appreciation bonds has been included in the statement of net assets at June 30, 2008.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2008 on the Series 2007 refunding bonds:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Current interest bonds -				
Series 2007 refunding bonds	\$ 40,295,000	\$ -	\$ (765,000)	\$ 39,530,000
Capital appreciation bonds -				
Series 2007 refunding bonds	1,199,973	-	-	1,199,973
Capital appreciation bonds -				
Accreted interest	<u>57,786</u>	<u>261,646</u>	<u>-</u>	<u>319,432</u>
Total G.O. bonds	<u>\$ 41,552,759</u>	<u>\$ 261,646</u>	<u>\$ (765,000)</u>	<u>\$ 41,049,405</u>

The reacquisition price exceeded the net carrying amount of the old debt by \$2,323,230. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the Series 2008 refunding bonds:

Year Ending <u>June 30,</u>	Current Interest Bonds			Capital Appreciation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 340,000	\$ 1,655,492	\$ 1,995,492	\$ -	\$ -	\$ -
2010	355,000	1,641,592	1,996,592	-	-	-
2011	370,000	1,627,092	1,997,092	-	-	-
2012	385,000	1,611,992	1,996,992	-	-	-
2013	400,000	1,596,292	1,996,292	-	-	-
2014 - 2018	415,000	7,866,760	8,281,760	1,199,973	5,540,027	6,740,000
2019 - 2023	9,125,000	6,970,531	16,095,531	-	-	-
2024 - 2028	11,205,000	4,838,025	16,043,025	-	-	-
2029 - 2033	13,810,000	2,248,996	16,058,996	-	-	-
2034	<u>3,125,000</u>	<u>132,813</u>	<u>3,257,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 39,530,000</u>	<u>\$ 30,189,585</u>	<u>\$ 69,719,585</u>	<u>\$ 1,199,973</u>	<u>\$ 5,540,027</u>	<u>\$ 6,740,000</u>

G. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$44,860,983 (including available funds of \$5,507,819) and an unvoted debt margin of \$1,263,730.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Non-certified employees earn 10 to 30 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year earn 20 days of vacation annually. Teachers, administrators and non-certified employees earn sick leave at the rate of one and one-fourth days per month up to a maximum of 290 days for both non-certified and certified employees. Upon retirement, non-certified employees and certified employees with less than fifteen years with the District receive payment for one-fourth of the total sick leave accumulation, up to a maximum of 48 days. Upon retirement, non-certified and certified employees with fifteen years or more with the District receive payment for one-fourth of the total sick leave accumulation, up to a maximum of 60 days.

B. Early Retirement Incentive - STRS Ohio

The District provides an early retirement incentive plan for State Teacher's Retirement System of Ohio (STRS Ohio) employees who are eligible for retirement under STRS Ohio guidelines and retire effective at the end of the fiscal year 2007 or 2008 school year. Employees who enroll in the early retirement incentive plan will receive two years of service credit from STRS Ohio paid by the District in addition to their severance payment. This is a one time opportunity for those eligible in fiscal years 2007 or 2008. The cost of service credit is calculated and provided to the District by STRS Ohio. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before June 1, 2007. The early retirement incentive buyout amounts are paid in two cash payments in January of the year following their retirement and following year. Twenty nine employees took advantage of the early retirement incentive in fiscal year 2007. Twenty six employees took advantage of the early retirement incentive in fiscal year 2008. A liability for the early retirement incentive payments has been recorded in the fund financial statements for the amount expected to be liquidated with expendable available financial resources. The entire liability is recorded on the statement of net assets.

C. Early Retirement Incentive - SERS

The District provides an early retirement incentive plan for School Employee Retirement System (SERS) employees who are eligible for retirement under SERS guidelines and retire effective at the end of the fiscal year 2008 or 2009 school year. Employees who enroll in the early retirement incentive plan can choose either one year of service credit under SERS or \$3.00/hour times the number of hours worked per day times the number of days per year. This is a one time opportunity for those eligible in fiscal years 2008 or 2009. The cost of the service credit is calculated and provided to the District by SERS. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before June 1, 2008. The early retirement incentive buyout amounts are paid in one cash payment in January of the year following their retirement. Six employees took advantage of the early retirement incentive in fiscal year 2008. One took advantage of the early retirement incentive in fiscal year 2009. A liability for the early retirement incentive payments has been recorded in the fund financial statements for the amount expected to be liquidated with expendable available financial resources. The entire liability is recorded on the statement of net assets.

D. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees. Life insurance is provided through the Stark County Schools Council of Governments Health Benefits Program.

**JACKSON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents and vehicles for which the policy period was September 1, 2007 through September 1, 2008. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100% blanket coverage. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	Indiana Insurance		
Each occurrence		\$1,000,000	\$ 0
Aggregate		2,000,000	0
Products/Complete Operations Aggregate		2,000,000	0
Building and contents	Indiana Insurance	Replacement cost	5,000
Fleet:	Indiana Insurance		
Auto only		1,000,000	0
Uninsured Motorist		50,000	0
Comprehensive			250
Collision			500
Umbrella liability	Indiana Insurance	6,000,000	0
Aggregate		6,000,000	10,000 Retention
Employee Benefits Liability	Indiana Insurance		
Each occurrence		1,000,000	1,000
Aggregate		3,000,000	0
School leaders errors and omissions liability	Indiana Insurance		
Each occurrence		1,000,000	2,500
Aggregate		1,000,000	0
School law enforcement liability	Indiana Insurance		
Each occurrence		1,000,000	2,500
Aggregate		1,000,000	0
Sexual misconduct and molestation liability	Indiana Insurance		
Each occurrence		1,000,000	0
Aggregate		1,000,000	0
Employers Stop GAP Liability	Indiana Insurance	1,000,000	0
Bodily Injury by Accident/ Each Accident Limit		1,000,000	0
Bodily Injury by Disease/ Policy Limit		1,000,000	0
Bodily Injury by Disease/ Each Employee Limit		1,000,000	0
Aggregate Limit		2,000,000	0

**JACKSON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 12 - RISK MANAGEMENT - (Continued)

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

B. Shared Risk Pool

The District has contracted with the Stark County Schools Council of Governments Health Benefits Program to provide employee medical/surgical and dental benefits. The Stark County Schools Council's Health Benefits Program is a shared risk pool comprised of a 42 member council of which 27 are member school Districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting school district subsequent to the settlements of all expenses and claims. The District pays health premiums of \$969.63 for family coverage and \$399.15 for single coverage per employee per month. The District pays dental premiums of \$125.03 for family coverage and \$50.68 for single coverage per employee per month. The District pays vision premiums of \$26.54 for family coverage and \$10.68 for single coverage.

C. Workers' Compensation

For fiscal year 2008, the District participated in the Stark County Schools Council of Governments Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "group savings fund". This "group savings" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

**JACKSON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$645,052, \$678,025 and \$729,717, respectively; 46.31 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**JACKSON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$2,755,824, \$2,772,476 and \$2,986,962, respectively; 84.03 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$38,168 made by the District and \$73,448 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 Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 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 2008, this amount was \$35,800.

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 District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$429,790, \$374,951 and \$392,521, respectively; 46.31 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$46,478, \$46,106 and \$58,080, respectively; 46.31 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**JACKSON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$211,986, \$213,267 and \$229,766, respectively; 84.03 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ (1,243,612)
Net adjustment for revenue accruals	127,735
Net adjustment for expenditure accruals	(292,349)
Net adjustment for other sources/uses	450,319
Adjustment for encumbrances	<u>788,928</u>
GAAP basis	<u>\$ (168,979)</u>

NOTE 16 - CONTINGENCIES

Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2008.

NOTE 17 - STATUTORY RESERVES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2007	\$ (1,243,745)	\$ -
Current year set-aside requirement	906,981	906,981
Qualifying disbursements	<u>(592,296)</u>	<u>(1,090,224)</u>
Total	<u>\$ (929,060)</u>	<u>\$ (183,243)</u>
Balance carried forward to FY 2009	<u>\$ (929,060)</u>	<u>\$ -</u>

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 17 - STATUTORY RESERVES - (Continued)

The District had qualifying disbursements during the year that reduced the set-aside amount below zero for the textbooks/instructional materials reserve. This extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year.

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

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2008, the District had the following contractual commitments outstanding related to the roofing project at Jackson High School and repairs to Lake Cable Elementary. A summary of the primary contractual commitments follows:

<u>Project/Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2008</u>
Jackson High School Renovations:			
Advance Industrial Roofing	\$ 209,485	\$ -	\$ 209,485
Lake Cable Elementary Renovations:			
Buckeye Bleacher Repair	<u>60,330</u>	<u>-</u>	<u>60,330</u>
Total	<u>\$ 269,815</u>	<u>\$ -</u>	<u>\$ 269,815</u>

NOTE 19 - SUBSEQUENT EVENT

On February 3, 2009, the voters of the District passed a five year, 4.9-mill levy.

JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Education						
<i>Direct</i>						
Carol M. White Physical Education Grant	NA	84.215	\$116,042		\$114,627	
<i>Passed Through the Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	049858-C1S1-2007 049858-C1S1-2008	84.010	146,454		2,356 138,224	
Total Title I Grants to Local Educational Agencies			146,454		140,580	
Special Education Cluster: Special Education Grants to States	049858-6BSD-2007 049858-6BSD-2008	84.027	981,317		84,171 938,882	
Total Special Education Cluster/Special Education Grants to States			981,317		1,023,053	
Safe and Drug-Free Schools and Communities State Grants	049858-DRS1-2007 049858-DRS1-2008	84.186	7,383 12,960		2,650 12,665	
Total Safe and Drug-Free Schools and Communities State Grants			20,343		15,315	
Education Technology State Grants	049858-TJSI-2007	84.318	1,587		1,587	
Innovative Education Program Strategies	049858-C2S1-2007 049858-C2S1-2008	84.298	4,726 12,665		4,726 12,665	
Total Innovative Education Program Strategies			17,391		17,391	
English Language Acquisition Grants	049858-T3S1-2007 049858-T3S2-2008 049858-T3S2-2008	84.365	23,900 5,048		6,960 23,900 5,048	
Total English Language Acquisition Grants			28,948		35,908	
Improving Teacher Quality State Grants	049858-TRS1-2007 049858-TRS1-2008	84.367	20,841 98,657		25,411 89,599	
Total Improving Teacher Quality State Grants			119,499		115,010	
Vocational Education Basic Grants to States	N/A - 2008	84.048	39,296		37,873	
<i>Total Passed Through the Ohio Department of Education</i>			1,354,835		1,386,717	
Total U.S. Department of Education			1,470,877		1,501,344	
U.S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education</i>						
Food Donation	N/A	10.550		\$86,782		\$92,712
Child Nutrition Cluster: National School Lunch Program	N/A	10.555	289,052		289,052	
Total U.S. Department of Agriculture			289,052	86,782	289,052	92,712
Totals			\$1,759,929	\$86,782	\$1,790,396	\$92,712

The accompanying notes to this schedule are an integral part of this schedule.

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DONATION PROGRAM

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

NOTE C - CHILD NUTRITION CLUSTER

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



Mary Taylor, CPA

Auditor of State

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

Jackson Local School District
Stark County
7984 Fulton Drive, NW
Massillon, Ohio 44646

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Local School District, Stark County, Ohio (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 30, 2008, wherein we noted the District restated net assets/capital assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the District's management in a separate letter dated February 13, 2009.

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 13, 2009



Mary Taylor, CPA

Auditor of State

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

Jackson Local School District
Stark County
7984 Fulton Drive, NW
Massillon, Ohio 44646

To the Board of Education:

Compliance

We have audited the compliance of Jackson Local School District, Stark County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

February 13, 2009

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other 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 other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: CFDA #84.027 – Special Education Grants to States
<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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Capital Assets – Improper maintenance of supporting documentation.	No	Partially Corrected – See Management Letter



Mary Taylor, CPA
Auditor of State

JACKSON LOCAL SCHOOL DISTRICT
STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 26, 2009