



Mary Taylor, CPA  
Auditor of State



**JACKSON MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Jackson Milton Local School District  
Mahoning County  
14110 Mahoning Avenue  
North Jackson, Ohio 44451

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 Milton Local School District, Mahoning 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 Milton Local School District, Mahoning County, Ohio, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and Emergency Levy Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 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 expenditure 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 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

April 30, 2009

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

The discussion and analysis of the Jackson-Milton 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 \$1,075,614 which represents a 32.65% increase from 2007.
- General revenues accounted for \$9,321,458 in revenue or 83.25% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,875,902 or 16.75% of total revenues of \$11,197,360.
- The District had \$10,121,746 in expenses related to governmental activities; \$1,875,902 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,321,458 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, emergency levy fund, permanent improvement fund and the building fund. The general fund had \$7,133,322 in revenues and other financing sources and \$6,779,659 in expenditures and other financing uses. During fiscal year 2008, the general fund's fund balance increased \$353,663 from a balance of \$1,144,125 to a balance of \$1,497,788.
- The District's emergency levy fund had \$1,459,083 in revenues and \$1,456,369 in expenditures. During fiscal year 2008, the emergency levy fund's fund deficit balance decreased \$2,714 from a deficit of \$6,411 to a deficit of \$3,697.
- The District's permanent improvement fund had \$1,100,355 in revenues and \$992,673 in expenditures. During fiscal year 2008, the permanent improvement fund's fund balance increased \$107,682 from a balance of \$682,937 to a balance of \$790,619.
- The District's building fund had \$579,490 in revenues and \$2,722,543 in expenditures. During fiscal year 2008, the building fund's fund balance decreased \$2,143,053 from a balance of \$14,927,907 to a balance of \$12,784,854.

**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. In the case of the District, the general fund, emergency levy fund, permanent improvement fund and the building fund are by far the most significant funds, and the only governmental funds reported as major funds.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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 13-14 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, emergency levy fund, permanent improvement fund and building 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* than 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 15-20 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.



**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

***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 23-49 of this report.

**The District as a Whole**

Recall that the statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets at June 30, 2008 and 2007.

	<b>Net Assets</b>	
	Governmental Activities	Governmental Activities
	<u>2008</u>	<u>2007</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 22,837,640	\$ 24,430,978
Capital assets, net	<u>4,870,252</u>	<u>2,174,642</u>
Total assets	<u>27,707,892</u>	<u>26,605,620</u>
<b><u>Liabilities</u></b>		
Current liabilities	7,086,402	6,999,796
Long-term liabilities	<u>16,251,335</u>	<u>16,311,283</u>
Total liabilities	<u>23,337,737</u>	<u>23,311,079</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	1,870,244	2,032,792
Restricted	1,080,464	839,702
Unrestricted (deficit)	<u>1,419,447</u>	<u>422,047</u>
Total net assets	<u>\$ 4,370,155</u>	<u>\$ 3,294,541</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 \$4,370,155. Of this total, \$1,080,464 is restricted in use.

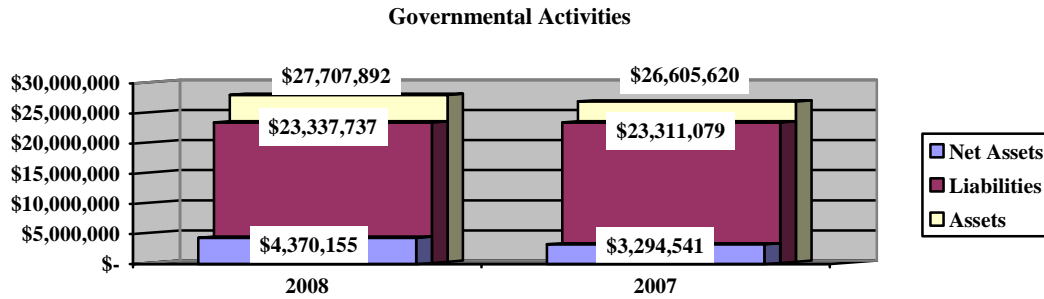
At year-end, capital assets represented 17.58% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$1,870,244. These 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, \$1,080,464, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$1,419,447.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2008 and 2007:



The table below shows the change in net assets for fiscal year 2008 and 2007.

**Change in Net Assets**

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 526,380	\$ 544,464
Operating grants and contributions	783,477	899,067
Capital grants and contributions	566,045	510,393
General revenues:		
Property taxes	5,586,387	5,788,566
Grants and entitlements	3,599,340	3,126,933
Investment earnings	77,269	74,574
Other	<u>58,462</u>	<u>125,464</u>
Total revenues	<u>11,197,360</u>	<u>11,069,461</u>

(continued)

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**Change in Net Assets**

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,261,487	\$ 4,361,725
Special	980,630	951,426
Vocational	97,223	92,121
Other	58,886	63,053
Support services:		
Pupil	295,257	265,394
Instructional staff	233,309	222,027
Board of education	54,599	107,016
Administration	717,893	667,904
Fiscal	473,130	387,207
Operations and maintenance	766,803	706,410
Pupil transportation	816,319	861,015
Food service operations	268,246	292,666
Operations of non-instructional services	8,348	11,742
Extracurricular activities	393,774	373,363
Interest and fiscal charges	<u>695,842</u>	<u>453,712</u>
Total expenses	<u>10,121,746</u>	<u>9,816,781</u>
Change in net assets	1,075,614	1,252,680
Net assets at beginning of year	<u>3,294,541</u>	<u>2,041,861</u>
Net assets at end of year	<u>\$ 4,370,155</u>	<u>\$ 3,294,541</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$1,075,614. Total governmental expenses of \$10,121,746 were offset by program revenues of \$1,875,902 and general revenues of \$9,321,458. Program revenues supported 18.53% of the total governmental expenses.

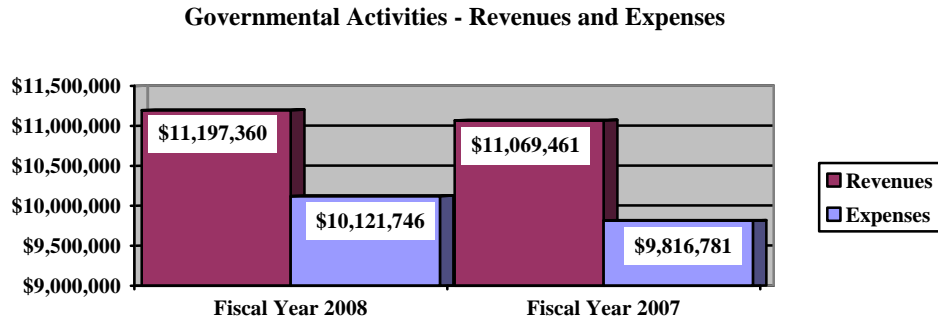
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 82.03% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,398,226 or 53.33% of total governmental expenses for fiscal year 2008.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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 year 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.

	<b>Governmental Activities</b>			
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,261,487	\$ 3,346,060	\$ 4,361,725	\$ 3,384,267
Special	980,630	538,497	951,426	625,132
Vocational	97,223	93,447	92,121	91,856
Other	58,886	44,995	63,053	41,637
Support services:				
Pupil	295,257	293,161	265,394	261,103
Instructional staff	233,309	193,267	222,027	201,734
Board of education	54,599	54,599	107,016	107,016
Administration	717,893	717,893	667,904	667,904
Fiscal	473,130	468,130	387,207	354,464
Operations and maintenance	766,803	764,869	706,410	704,884
Pupil transportation	816,319	789,121	861,015	692,612
Food service operations	268,246	(25,715)	292,666	7,355
Operations of non-instructional services	8,348	5,152	11,742	7,687
Extracurricular activities	393,774	266,526	373,363	261,494
Interest and fiscal charges	695,842	695,842	453,712	453,712
<b>Total expenses</b>	<b>\$ 10,121,746</b>	<b>\$ 8,245,844</b>	<b>\$ 9,816,781</b>	<b>\$ 7,862,857</b>

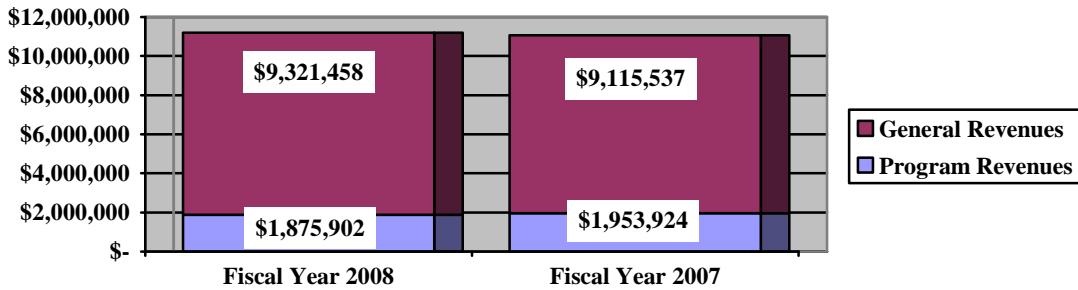
The dependence upon tax and other general revenues for governmental activities is apparent, 74.52% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.47%. The District's taxpayers, as a whole, are by far the primary support for District's students.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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 year 2008 and 2007.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$15,223,252, which is lower than last year's total of \$16,865,248. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance (deficit) <u>June 30, 2008</u>	Fund Balance (deficit) <u>June 30, 2007</u>	Increase/ (Decrease)	Percentage Change
General	\$ 1,497,788	\$ 1,144,125	\$ 353,663	30.91 %
Emergency Levy	(3,697)	(6,411)	2,714	42.33 %
Permanent Improvement	790,619	682,937	107,682	15.77 %
Building	12,784,854	14,927,907	(2,143,053)	(14.36) %
Other Governmental	153,688	116,690	36,998	31.71 %
<b>Total</b>	<u>\$ 15,223,252</u>	<u>\$ 16,865,248</u>	<u>\$ (1,641,996)</u>	(9.74) %

**General Fund**

The District's general fund balance increased \$353,663. The increase in fund balance can be attributed to several items related to revenues exceeding the overall increase in expenditures. Revenues exceed expenditures for fiscal year 2008 by \$423,340.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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 and fund balance 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>
<b><u>Revenues</u></b>				
Taxes	\$ 3,364,233	\$ 3,577,140	\$ (212,907)	(5.95) %
Tuition	297,456	325,569	(28,113)	(8.64) %
Earnings on investments	77,269	74,574	2,695	3.61 %
Intergovernmental	3,346,115	3,143,166	202,949	6.46 %
Other revenues	<u>47,890</u>	<u>116,081</u>	<u>(68,191)</u>	(58.74) %
Total	<u>\$ 7,132,963</u>	<u>\$ 7,236,530</u>	<u>\$ (103,567)</u>	(1.43) %
<b><u>Expenditures</u></b>				
Instruction	\$ 3,404,274	\$ 3,051,325	\$ 352,949	11.57 %
Support services	3,054,545	2,899,322	155,223	5.35 %
Non-instructional services	-	1,654	(1,654)	(100.00) %
Extracurricular activities	<u>250,804</u>	<u>243,192</u>	<u>7,612</u>	3.13 %
Total	<u>\$ 6,709,623</u>	<u>\$ 6,195,493</u>	<u>\$ 514,130</u>	8.30 %

***Emergency Levy Fund***

The District's emergency levy fund had \$1,459,083 in revenues and \$1,456,369 in expenditures. During fiscal year 2008, the emergency levy fund's fund balance deficit decreased \$2,714 from a deficit of \$6,411 to a deficit of \$3,697.

***Permanent Improvement Fund***

The District's permanent improvement fund had \$1,100,355 in revenues and \$992,673 in expenditures. During fiscal year 2008, the permanent improvement fund's fund balance increased \$107,682 from a balance of \$682,937 to a balance of \$790,619.

***Building Fund***

The District's building fund had \$579,490 in revenues and \$2,722,543 in expenditures. During fiscal year 2008, the building fund's fund balance decreased \$2,143,053 from a balance of \$14,927,907 to a balance of \$12,784,854.

***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, original budgeted revenues and other financing sources were \$6,844,282 and final budgeted revenues and other financing sources were \$7,142,180. Actual revenues and other financing sources for fiscal year 2008 was \$7,147,708. This is an increase of \$5,528 over the final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$6,778,929 were increased to \$6,900,133 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$6,899,386, which was \$747 less than the final budget appropriations.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2008, the District had \$4,870,252 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2008 balances compared to 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 465,231	\$ 465,231
Construction in progress	3,443,261	644,536
Land improvements	141,472	162,805
Building and improvements	462,187	518,213
Furniture and equipment	48,583	29,163
Vehicles	309,518	354,694
Total	\$ 4,870,252	\$ 2,174,642

The overall increase in capital assets of \$2,695,610 is due to capital outlays of \$2,863,914 exceeding depreciation expense of \$163,062 and disposals of \$5,242 (net of accumulated depreciation) in the fiscal year.

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

*Debt Administration*

At June 30, 2008, the District had \$125,004 in energy conservation notes outstanding and \$15,580,000 in lease purchase agreements. Of this total, \$225,000 is due within one year and \$15,480,004 is due in greater than one year.

The following table summarizes the notes and lease purchase agreement outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2008	2007
Lease purchase agreement	\$ 15,580,000	\$ 15,655,000
Energy conservation notes	125,004	145,004
Total	\$ 15,705,004	\$ 15,800,004

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**Current Financial Related Activities**

The District faces many challenges in the future. The District relies heavily upon State support for revenue. With the implementation of HB66 and the loss of personal property tax revenue the District has been forced to ask local taxpayers for more money and levy renewals. The District is also on a fixed transition guarantee funding formula based on fiscal year 2008 levels. There is a chance this funding level will cease and the local taxpayers will have to make up the difference of approximately seven mills. The District had a 5.5 mill emergency renewal levy on the November 2008 ballot which generates over \$985,000 per year. Without the passage of this levy, future reductions were inevitable. The levy was approved by the voters.

The District is in the midst of a building project. A new 6-12 facility was approved by the Board of Education and will be paid for by re-allocating 3.85 inside mills for permanent improvement. These mills combined with existing permanent improvement dollars allowed the district to borrow the funds needed for the project. Approximately \$16 million will be spent on this building and will be paid for over the next 30 years. Construction began in fiscal year 2008. The building is designed to meet OSFC guidelines for reimbursement in future years.

The last challenge facing the District is the future of State funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. At this time, the District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The District has been adversely affected by open enrollment and community school education options. In response, the Board of Education declared the District open to every district in the State. This move has softened the financial blow and is beginning to offset some of the financial loss.

The District's system of budgeting and internal controls is well regarded. All of the District's financial abilities will be needed to meet the financial challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens taxpayers, and 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 Mr. John C. Zinger, Treasurer, Jackson-Milton Local School District, 14110 Mahoning Avenue, North Jackson, Ohio 44451.



**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 3,919,908
Investments	13,212,784
Receivables:	
Taxes . . . . .	5,242,134
Accounts . . . . .	12,213
Accrued interest . . . . .	125,148
Intergovernmental . . . . .	61,180
Prepayments . . . . .	22,427
Materials and supplies inventory . . . . .	4,675
Unamortized lease issuance costs . . . . .	237,171
Capital assets:	
Land . . . . .	465,231
Construction in progress . . . . .	3,443,261
Depreciable capital assets, net . . . . .	961,760
Capital assets, net. . . . .	4,870,252
 Total assets. . . . .	 27,707,892
 <b>Liabilities:</b>	
Accounts payable. . . . .	47,017
Contracts payable. . . . .	800,387
Accrued wages and benefits . . . . .	913,314
Pension obligation payable. . . . .	183,962
Intergovernmental payable . . . . .	23,371
Unearned revenue . . . . .	4,896,531
Accrued interest payable . . . . .	221,820
Long-term liabilities:	
Due within one year. . . . .	397,027
Due in more than one year . . . . .	15,854,308
Total liabilities . . . . .	23,337,737
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	1,870,244
Restricted for:	
Capital projects . . . . .	998,504
Federally funded programs . . . . .	1,946
Student activities . . . . .	18,344
Public school support . . . . .	40,467
Other purposes . . . . .	21,203
Unrestricted . . . . .	1,419,447
 Total net assets . . . . .	 \$ 4,370,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 4,261,487	\$ 311,491	\$ 43,805	\$ 560,131	\$ (3,346,060)
Special . . . . .	980,630	-	442,133	-	(538,497)
Vocational . . . . .	97,223	-	3,776	-	(93,447)
Other . . . . .	58,886	-	13,891	-	(44,995)
Support services:					
Pupil . . . . .	295,257	-	2,096	-	(293,161)
Instructional staff . . . . .	233,309	-	40,042	-	(193,267)
Board of education . . . . .	54,599	-	-	-	(54,599)
Administration . . . . .	717,893	-	-	-	(717,893)
Fiscal . . . . .	473,130	-	5,000	-	(468,130)
Operations and maintenance . . . . .	766,803	1,934	-	-	(764,869)
Pupil transportation . . . . .	816,319	-	21,284	5,914	(789,121)
Operation of non-instructional services:					
Food service operations . . . . .	268,246	140,276	153,685	-	25,715
Other non-instructional services . . . . .	8,348	-	3,196	-	(5,152)
Extracurricular activities . . . . .	393,774	72,679	54,569	-	(266,526)
Interest and fiscal charges . . . . .	695,842	-	-	-	(695,842)
<b>Total governmental activities . . . . .</b>	<b>\$ 10,121,746</b>	<b>\$ 526,380</b>	<b>\$ 783,477</b>	<b>\$ 566,045</b>	<b>(8,245,844)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					3,406,999
Special revenue . . . . .					1,262,956
Capital projects . . . . .					916,432
Grants and entitlements not restricted to specific programs . . . . .					3,599,340
Investment earnings . . . . .					77,269
Miscellaneous . . . . .					58,462
<b>Total general revenues . . . . .</b>					<b>9,321,458</b>
<b>Change in net assets . . . . .</b>					<b>1,075,614</b>
<b>Net assets at beginning of year . . . . .</b>					<b>3,294,541</b>
<b>Net assets at end of year . . . . .</b>					<b>\$ 4,370,155</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>General</u>	<u>Emergency Levy</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents . . . . .	\$ 2,598,386	\$ -	\$ 814,333	\$ 288,248	\$ 197,738	\$ 3,898,705
Investments . . . . .	-	-	-	13,212,784	-	13,212,784
Receivables:						
Taxes . . . . .	3,559,487	793,317	889,330	-	-	5,242,134
Accounts . . . . .	11,920	-	-	-	293	12,213
Accrued interest . . . . .	103	-	-	125,045	-	125,148
Intergovernmental . . . . .	-	-	-	-	61,180	61,180
Prepayments . . . . .	10,634	-	-	11,793	-	22,427
Materials and supplies inventory . . . . .	-	-	-	-	4,675	4,675
Restricted assets:						
Equity in pooled cash and cash equivalents . . . . .	21,203	-	-	-	-	21,203
<b>Total assets . . . . .</b>	<b><u>\$ 6,201,733</u></b>	<b><u>\$ 793,317</u></b>	<b><u>\$ 1,703,663</u></b>	<b><u>\$ 13,637,870</u></b>	<b><u>\$ 263,886</u></b>	<b><u>\$ 22,600,469</u></b>
<b>Liabilities:</b>						
Accounts payable . . . . .	\$ 23,144	\$ -	\$ 23,714	\$ -	\$ 159	\$ 47,017
Contracts payable . . . . .	-	-	-	800,387	-	800,387
Accrued wages and benefits . . . . .	848,083	-	-	-	65,231	913,314
Compensated absences payable . . . . .	84,465	-	-	-	-	84,465
Pension obligation payable. . . . .	170,946	-	-	-	13,016	183,962
Intergovernmental payable. . . . .	17,820	3,697	-	-	1,854	23,371
Deferred revenue. . . . .	223,376	69,297	52,930	52,629	29,938	428,170
Unearned revenue. . . . .	3,336,111	724,020	836,400	-	-	4,896,531
<b>Total liabilities . . . . .</b>	<b><u>4,703,945</u></b>	<b><u>797,014</u></b>	<b><u>913,044</u></b>	<b><u>853,016</u></b>	<b><u>110,198</u></b>	<b><u>7,377,217</u></b>
<b>Fund Balances:</b>						
Reserved for encumbrances . . . . .	33,567	-	-	11,382,850	736	11,417,153
Reserved for materials and supplies inventory. . . . .	-	-	-	-	4,675	4,675
Reserved for prepayments . . . . .	10,634	-	-	11,793	-	22,427
Reserved for school bus purchases . . . . .	21,203	-	-	-	-	21,203
Unreserved, undesignated (deficit), reported in:						
General fund . . . . .	1,432,384	-	-	-	-	1,432,384
Special revenue funds. . . . .	-	(3,697)	-	-	148,277	144,580
Capital projects funds. . . . .	-	-	790,619	1,390,211	-	2,180,830
<b>Total fund balances (deficit) . . . . .</b>	<b><u>1,497,788</u></b>	<b><u>(3,697)</u></b>	<b><u>790,619</u></b>	<b><u>12,784,854</u></b>	<b><u>153,688</u></b>	<b><u>15,223,252</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 6,201,733</u></b>	<b><u>\$ 793,317</u></b>	<b><u>\$ 1,703,663</u></b>	<b><u>\$ 13,637,870</u></b>	<b><u>\$ 263,886</u></b>	<b><u>\$ 22,600,469</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

<b>Total governmental fund balances</b>		\$ 15,223,252
<i>Amounts reported for governmental activities in 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.		4,870,252
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 345,603	
Intergovernmental revenue	29,938	
Interest	52,629	
Total		428,170
Unamortized lease issuance costs are not recognized in the funds governmental activities in the statement of net assets.		237,171
Unamortized discounts on lease purchase agreements are not recognized in the funds.		193,675
In the statement of activities, interest is accrued on outstanding leases and notes, whereas in governmental funds, an interest expenditure is reported when due.		(221,820)
Long-term liabilities, including compensated absences, notes payable, and lease purchase agreements are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(655,541)	
Energy conservation note	(125,004)	
Lease purchase agreement	(15,580,000)	
Total		(16,360,545)
<b>Net assets of governmental activities</b>		<b>\$ 4,370,155</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

	<u>General</u>	<u>Emergency Levy</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 3,364,233	\$ 1,262,958	\$ 912,757	\$ -	\$ -	\$ 5,539,948
Tuition. . . . .	297,456	-	-	-	-	297,456
Earnings on investments. . . . .	77,269	-	-	579,490	-	656,759
Charges for services. . . . .	-	-	-	-	140,276	140,276
Extracurricular. . . . .	-	-	-	-	72,971	72,971
Classroom materials and fees . . . . .	-	-	-	-	13,743	13,743
Other local revenues. . . . .	47,890	-	-	-	66,827	114,717
Intergovernmental - Intermediate. . . . .	21,723	-	-	-	-	21,723
Intergovernmental - State. . . . .	3,324,392	196,125	187,598	-	67,241	3,775,356
Intergovernmental - Federal . . . . .	-	-	-	-	512,856	512,856
Total revenue . . . . .	<u>7,132,963</u>	<u>1,459,083</u>	<u>1,100,355</u>	<u>579,490</u>	<u>873,914</u>	<u>11,145,805</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	2,598,102	1,433,216	-	-	60,346	4,091,664
Special. . . . .	677,604	-	-	-	301,048	978,652
Vocational. . . . .	84,118	-	-	-	-	84,118
Other. . . . .	44,450	-	-	-	13,883	58,333
Support services:						
Pupil. . . . .	287,181	-	-	-	2,314	289,495
Instructional staff . . . . .	187,271	-	-	-	40,667	227,938
Board of education . . . . .	54,086	-	-	-	-	54,086
Administration. . . . .	711,743	-	-	-	-	711,743
Fiscal . . . . .	362,061	23,153	16,687	9,007	39,557	450,465
Operations and maintenance. . . . .	724,612	-	37,252	-	-	761,864
Pupil transportation . . . . .	727,591	-	-	-	-	727,591
Operation of non-instructional services:						
Food service operations . . . . .	-	-	-	-	275,063	275,063
Other non-instructional services. . . . .	-	-	-	-	3,166	3,166
Extracurricular activities. . . . .	250,804	-	-	-	142,933	393,737
Facilities acquisition and construction . . . . .	-	-	190,003	2,713,536	-	2,903,539
Debt service:						
Principal retirement . . . . .	-	-	75,000	-	20,000	95,000
Interest and fiscal charges . . . . .	-	-	673,731	-	7,975	681,706
Total expenditures . . . . .	<u>6,709,623</u>	<u>1,456,369</u>	<u>992,673</u>	<u>2,722,543</u>	<u>906,952</u>	<u>12,788,160</u>
Excess of revenues over (under) expenditures . . . . .	<u>423,340</u>	<u>2,714</u>	<u>107,682</u>	<u>(2,143,053)</u>	<u>(33,038)</u>	<u>(1,642,355)</u>
<b>Other financing sources (uses):</b>						
Transfers in . . . . .	-	-	-	-	70,036	70,036
Transfers (out). . . . .	(70,036)	-	-	-	-	(70,036)
Proceeds from sale of assets . . . . .	359	-	-	-	-	359
Total other financing sources (uses) . . . . .	<u>(69,677)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,036</u>	<u>359</u>
Net change in fund balances . . . . .	353,663	2,714	107,682	(2,143,053)	36,998	(1,641,996)
<b>Fund balances (deficit)</b>						
at beginning of year . . . . .	1,144,125	(6,411)	682,937	14,927,907	116,690	16,865,248
Fund balances (deficit) at end of year . . . . .	<u>\$ 1,497,788</u>	<u>\$ (3,697)</u>	<u>\$ 790,619</u>	<u>\$ 12,784,854</u>	<u>\$ 153,688</u>	<u>\$ 15,223,252</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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

<b>Net change in fund balances - total governmental funds</b>	\$	(1,641,996)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$2,863,914) exceeds depreciation expense (\$163,062) in the current period.		2,700,852
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, sales, trade-ins and donations) is to decrease net assets.		(5,242)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	\$ 46,439	
Intergovernmental grants	29,938	
Interest	(25,181)	
Total	51,196	51,196
Repayment of notes are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		95,000
In the statement of activities, interest is accrued on outstanding leases and notes, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities:		
Decrease in accrued interest payable	1,160	
Amortization of discount on lease purchase agreement	(6,876)	
Amortization of lease issue costs	(8,420)	
Total	(14,136)	(14,136)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(110,060)
<b>Change in net assets of governmental activities</b>	\$	1,075,614

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,241,435	\$ 3,382,520	\$ 3,385,138	\$ 2,618
Tuition. . . . .	284,829	297,226	297,456	230
Earnings on investments. . . . .	73,993	77,213	77,273	60
Other local revenues . . . . .	21,696	22,640	22,658	18
Intergovernmental - Intermediate . . . . .	20,801	21,706	21,723	17
Intergovernmental - State . . . . .	3,183,269	3,321,821	3,324,392	2,571
Total revenue . . . . .	<u>6,826,023</u>	<u>7,123,126</u>	<u>7,128,640</u>	<u>5,514</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	2,685,961	2,680,725	2,680,725	-
Special. . . . .	586,592	682,589	682,589	-
Vocational. . . . .	96,201	84,178	84,178	-
Other . . . . .	40,247	44,498	44,498	-
Support services:				
Pupil. . . . .	249,703	282,388	282,388	-
Instructional staff . . . . .	181,136	184,683	184,683	-
Board of education . . . . .	101,486	90,410	90,478	(68)
Administration. . . . .	706,352	712,175	712,175	-
Fiscal . . . . .	337,778	353,794	352,979	815
Operations and maintenance. . . . .	722,694	734,880	734,880	-
Pupil transportation . . . . .	751,400	730,151	730,151	-
Operation of non-instructional . . . . .	1,654	-	-	-
Extracurricular activities. . . . .	247,725	249,626	249,626	-
Total expenditures . . . . .	<u>6,708,929</u>	<u>6,830,097</u>	<u>6,829,350</u>	<u>747</u>
Excess of revenues over expenditures. . . . .	<u>117,094</u>	<u>293,029</u>	<u>299,290</u>	<u>6,261</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure. . . . .	17,915	18,695	18,709	14
Transfers (out) . . . . .	(70,000)	(70,036)	(70,036)	-
Sale of assets . . . . .	344	359	359	-
Total other financing sources (uses) . . . . .	<u>(51,741)</u>	<u>(50,982)</u>	<u>(50,968)</u>	<u>14</u>
Net change in fund balance . . . . .	65,353	242,047	248,322	6,275
<b>Fund balance at beginning of year. . . . .</b>	2,263,434	2,263,434	2,263,434	-
<b>Prior year encumbrances appropriated . . . . .</b>	53,873	53,873	53,873	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,382,660</u>	<u>\$ 2,559,354</u>	<u>\$ 2,565,629</u>	<u>\$ 6,275</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,333,970	\$ 1,262,958	\$ 1,262,958	\$ -
Intergovernmental - State . . . . .	207,153	196,125	196,125	-
Total revenue . . . . .	<u>1,541,123</u>	<u>1,459,083</u>	<u>1,459,083</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,515,926	1,435,930	1,435,930	-
Support services:				
Fiscal . . . . .	25,197	23,153	23,153	-
Total expenditures . . . . .	<u>1,541,123</u>	<u>1,459,083</u>	<u>1,459,083</u>	<u>-</u>
Net change in fund balance . . . . .	-	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	-	-	-	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 2,113	\$ 17,298
Total assets. . . . .	2,113	\$ 17,298
<b>Liabilities:</b>		
Accounts payable. . . . .	1,000	\$ -
Due to students . . . . .	-	17,298
Total liabilities . . . . .	1,000	\$ 17,298
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	1,113	
Total net assets . . . . .	\$ 1,113	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 2,745
Total additions. . . . .	2,745
<b>Deductions:</b>	
Scholarships awarded . . . . .	5,165
Change in net assets . . . . .	(2,420)
<b>Net assets at beginning of year . . . . .</b>	<b>3,533</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 1,113</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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-Milton 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 and is responsible for providing public education to residents of the District.

The District ranks as the 527th largest among the 896 public school districts in the state. Average daily membership at June 30, 2008 was 855. The District employs 65 certified employees and 51 non-certified employees.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

**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", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised 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, food 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; (2) the District is legally entitled to or can otherwise access the organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. 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-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System

The District is a member of the Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, jointly governed organization which provides computer services to the school districts within the boundaries of Mahoning and Columbiana Counties. Each District's superintendent serves as a representative on the Board which consists of approximately 24 member districts. However, the degree of control exercised by any participating school district is limited to its representation on the Board.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possess its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

*PUBLIC ENTITY RISK POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Mahoning County School Employees Insurance Consortium

The Mahoning County School Employees Insurance Consortium is a shared risk pool comprised of fourteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating School District (usually the superintendent or a designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent, Austintown Local School District. The fiscal agent will then remit the charges for services to Professional Risk Management (PRM), who acts in the capacity of a third-party administrator (TPA) for claims processing.

**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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**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.

*Emergency Levy Fund* - A special revenue fund used to account for the proceeds of a special levy. Such a levy is necessary to satisfy a district's emergency needs or to prevent school closings.

*Permanent Improvement Fund* - A capital projects fund used to account for all transactions related to the acquisition, construction, or improvement of capital facilities.

*Building Fund* - A capital projects fund used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds of debt must be paid into this fund, and expenditures recorded here represent the costs of acquiring capital facilities including real property.

Other governmental funds of the District are used to account for (a) food service operations; (b) the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs; and (c) grants and other resources whose use is restricted to a particular purpose.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities and unclaimed monies.

**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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

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.

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. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, 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. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2008 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Mahoning County Budget Commission for tax rate determination.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

3. Prior to 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 a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statements reflect the amounts set forth in the original and final amended official certificates of estimated resources issued for fiscal year 2008.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008, however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statements reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**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 cash equivalents" on the basic financial statements.



**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

The District has invested funds in STAR Ohio during fiscal year 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.

Also during fiscal year 2008, the District had a no-load money market mutual fund (which was invested in U.S. Treasury Notes and federal agency securities) with Fifth Third Securities, Inc. The no-load money market mutual fund had a carrying amount on the District's books of \$13,648,745, but a fair value (market value) of \$13,501,032 (see Note 4), which resulted in a net unrealized loss of \$147,713.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the building fund. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$77,269, which includes \$21,661 assigned from other 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 when used. Inventories are accounted for using the consumption method.

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2008, the District maintained a capitalization threshold of \$2,500. 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. The District does not possess any infrastructure.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

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

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets. The District has no interfund balances.

**J. 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.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for 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. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 with at least ten years of service and all employees with twenty 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, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. 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, materials and supplies inventory, prepayments, and school bus purchases.

**M. 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 the 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.

**N. 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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

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

**O. Unamortized Lease Issuance Costs/Discount**

On the government-wide financial statements, lease issuance costs are deferred and amortized over the life of the lease purchase agreement using the straight line method, which approximates the effective interest method. Unamortized lease issuance costs are recorded as an asset on the financial statements.

Discounts on lease purchase agreements are deferred and accreted over the life of the lease purchase agreement. Lease discounts are presented as a reduction to the total outstanding amount of the lease.

On the governmental fund financial statements, lease issuance costs and lease discounts are recognized in the current period.

**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. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a reserve for school bus purchases. This reserve is required by state statute. A schedule of statutory reserves is presented in Note 15.

**R. Interfund Activity**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**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 12) 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. Deficit Fund Balances**

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

<u>Major fund</u>	<u>Deficit</u>
Emergency levy	\$ 3,697
<u>Nonmajor governmental funds</u>	
Management information system	3,411
Entry year programs	29
Poverty aid	71
Miscellaneous state grants	3
IDEA Part B grants	11,958
Title I disadvantaged children	2,348
Drug free school grant	59
Improving teacher quality	9,593

These funds complied with Ohio State law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 of 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 or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2008, the carrying amount of all District deposits was \$3,650,063. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$135,414 of the District's bank balance of \$3,702,753 was covered by the Federal Deposit Insurance Corporation, while \$3,567,339 was exposed to custodial risk as discussed below.

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

**B. Investments**

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

<u>Investment type</u>	<u>Fair Market Value</u>	<u>6 months or less</u>	<u>Greater than 24 months</u>
FHLB	\$ 7,347,242	\$ -	\$ 7,347,242
FNMA	3,978,595	-	3,978,595
FHLMC	1,886,947	-	1,886,947
US Treasury notes	288,248	288,248	-
STAR Ohio	<u>1,008</u>	<u>1,008</u>	<u>-</u>
Total	<u>\$ 13,502,040</u>	<u>\$ 289,256</u>	<u>\$ 13,212,784</u>

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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:* STAR Ohio and carries a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investments in federal agency securities and US Treasury securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

*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 federal agency securities and US Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any 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 Market Value</u>	<u>Percent of Total</u>
FHLB	\$ 7,347,242	54.41%
FNMA	3,978,595	29.47%
FHLMC	1,886,947	13.98%
US Treasury notes	288,248	2.13%
STAR Ohio	1,008	0.01%
Total	<u>\$ 13,502,040</u>	<u>100.00%</u>



**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 3,650,063
Investments	<u>13,502,040</u>
Total	<u>\$ 17,152,103</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 17,132,692
Private-purpose trust fund	2,113
Agency funds	<u>17,298</u>
Total	<u>\$ 17,152,103</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Transfers for the fiscal year ended June 30, 2008, as reported in the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ <u>70,036</u>
Total	<u>\$ 70,036</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16. Transfers between governmental funds are eliminated on the government-wide financial statements.

**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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

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 12.50% 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 Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 includes 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. There were no tax advances available at June 30, 2008.

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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

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	\$ 157,593,170	90.12	\$ 159,893,520	92.87
Public utility personal property	9,062,170	5.18	8,161,800	4.74
Tangible personal property	<u>8,213,485</u>	<u>4.70</u>	<u>4,110,183</u>	<u>2.39</u>
Total	<u>\$ 174,868,825</u>	<u>100.00</u>	<u>\$ 172,165,503</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
General operations	\$47.20		\$46.85	
Permanent improvements	0.90		0.90	

**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	\$ 5,242,134
Accounts	12,213
Accrued interest	125,148
Intergovernmental	<u>61,180</u>
Total	<u>\$ 5,440,675</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-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

<b><u>Governmental activities</u></b>	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 465,231	\$ -	\$ -	\$ 465,231
Construction-in-progress	<u>644,536</u>	<u>2,798,725</u>	<u>-</u>	<u>3,443,261</u>
<i>Total capital assets, not being depreciated</i>	<u>1,109,767</u>	<u>2,798,725</u>	<u>-</u>	<u>3,908,492</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	407,395	-	-	407,395
Buildings and improvements	3,417,512	-	-	3,417,512
Equipment and furniture	1,191,151	34,305	(4,840)	1,220,616
Vehicles	<u>913,952</u>	<u>30,884</u>	<u>(49,998)</u>	<u>894,838</u>
<i>Total capital assets, being depreciated</i>	<u>5,930,010</u>	<u>65,189</u>	<u>(54,838)</u>	<u>5,940,361</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(244,590)	(21,333)	-	(265,923)
Buildings and improvements	(2,899,299)	(56,026)	-	(2,955,325)
Equipment and furniture	(1,161,988)	(14,643)	4,598	(1,172,033)
Vehicles	<u>(559,258)</u>	<u>(71,060)</u>	<u>44,998</u>	<u>(585,320)</u>
<i>Total accumulated depreciation</i>	<u>(4,865,135)</u>	<u>(163,062)</u>	<u>49,596</u>	<u>(4,978,601)</u>
Total capital assets, net	<u>\$ 2,174,642</u>	<u>\$ 2,700,852</u>	<u>\$ (5,242)</u>	<u>\$ 4,870,252</u>

Depreciation expense was charged to the governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 42,803
Special	10,103
Vocational	11,688
<u>Support services:</u>	
Pupil	2,530
Instructional staff	3,610
Administration	5,836
Fiscal	2,328
Operations and maintenance	6,031
Pupil transportation	70,874
Other non-instructional services	5,152
Extracurricular activities	1,304
Food service operations	<u>803</u>
Total depreciation expense	<u>\$ 163,062</u>

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. On November 8, 2006, pursuant to the Ohio Revised Code section 3313.375, the District entered into a lease purchase agreement in the form of certificates of participation with the PS&W Holding Company, Inc. (the "Leasing Corporation") for the construction of a new high school and a new middle school. The lease is an annual lease subject to renewal for thirty years through September 1, 2036. The certificates bear interest rates ranging from 4.00% to 4.50%.

The Leasing Corporation entered into an agreement with a trustee through which it assigned and transferred the rights and interest under the lease to Huntington National Bank as Trustee (the "Trustee"). The Trustee issued the certificates of participation of the lease agreement enabling holders of the certificates to receive a portion of the semiannual lease payments. Proceeds from the issuance will be used to construct a new high school and a new middle school. Terms of the trust indenture require the Trustee to create the Jackson-Milton Local School District Facilities Certificate Fund to account for the proceeds of the sale of the certificates of participation. The Facilities Certificate Fund consists of a lease payment account and is utilized by the Trustee for capitalized interest and/or accrued interest on the certificates of participation paid by the original purchaser.

The obligation of the District under the lease and any subsequent lease renewal is subject to annual appropriation of the rental payments. Legal title to the facilities remains with the Trustee until all payments required under the lease have been made. At that time, title will transfer to the District.

The liability for the Certificates is recorded in the governmental activities long-term obligations with the annual principal and interest requirements payable from resources from the permanent improvements capital projects fund. The certificates of participation are not a general obligation of the District but are payable only from appropriations by the District for annual lease payments.

The following are the District's future annual debt service requirements to amortize the Certificates outstanding at June 30, 2008:

Fiscal Year	Certificates Of Participation		
	Principal	Interest	Total
2009	\$ 205,000	\$ 668,869	\$ 873,869
2010	215,000	660,469	875,469
2011	235,000	651,469	886,469
2012	250,000	641,769	891,769
2013	260,000	631,569	891,569
2014 - 2018	1,720,000	2,968,844	4,688,844
2019 - 2023	2,365,000	2,560,225	4,925,225
2024 - 2028	2,995,000	1,988,547	4,983,547
2029 - 2033	3,715,000	1,247,063	4,962,063
2034 - 2037	3,620,000	334,800	3,954,800
Total	<u>\$ 15,580,000</u>	<u>\$ 12,353,624</u>	<u>\$ 27,933,624</u>

- B. The District has one long-term debt obligation outstanding at June 30, 2008; energy conservation notes. The energy conservation notes were issued pursuant to Section 3313.372 of the Ohio Revised Code in anticipation of energy cost savings to be realized from energy conservation projects under House Bill 264. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund (a nonmajor governmental fund).

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a description of the District's energy conservation notes outstanding as of June 30, 2008:

	Issue Date	Maturity Date	Interest Rate	Balance Outstanding 06/30/07	Additions	Reductions	Balance Outstanding 06/30/08	Amount Due in One Year
Energy conservation notes	06/01/98	06/01/13	5.50%	\$ 145,004	\$ -	\$ (20,000)	\$ 125,004	\$ 20,000
Total				<u>\$ 145,004</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 125,004</u>	<u>\$ 20,000</u>

The following are the District's future annual debt service requirements to amortize the energy conservation notes outstanding at June 30, 2008:

Fiscal Year	Energy Conservation Notes		
	Principal	Interest	Total
2009	\$ 20,000	\$ 6,875	\$ 26,875
2010	25,000	5,775	30,775
2011	25,000	4,400	29,400
2012	25,000	3,025	28,025
2013	30,004	1,650	31,654
Total	<u>\$ 125,004</u>	<u>\$ 21,725</u>	<u>\$ 146,729</u>

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

<b>Governmental activities</b>	Balance at 6/30/07	Increases	Decreases	Balance at 6/30/08	Amounts Due in One Year
Energy conservation notes	\$ 145,004	\$ -	\$ (20,000)	\$ 125,004	\$ 20,000
Lease purchase agreement	15,655,000	-	(75,000)	15,580,000	205,000
Compensated absences	711,830	259,664	(231,488)	740,006	172,027
Total governmental activities	<u>\$ 16,511,834</u>	<u>\$ 259,664</u>	<u>\$ (326,488)</u>	16,445,010	<u>\$ 397,027</u>
Less: Unamortized discount on lease purchase agreement				<u>(193,675)</u>	
Total on statement of net assets				<u>\$ 16,251,335</u>	

Compensated absences are paid out of the fund from which the employee is paid, which for the District is primarily the general fund.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**D. Legal Debt Margins**

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 assessed valuation used in determining the District's legal debt margins 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 calculations 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 legal voted debt margin of \$15,118,164 and a legal unvoted debt margin of \$167,980.

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment, and instruments. The comprehensive commercial insurance coverage limits are \$22,726,690 and a deductible of \$1,000. The business auto coverage limits are \$1,000,000 for liability and uninsured motorists.

The District has a liability insurance coverage limit of \$1,000,000 per claim and \$3,000,000 annual aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years.

**B. Mahoning County School Employees Insurance Consortium**

The District has joined together with other school districts in Mahoning County to form the Mahoning County School Employees Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 14 member school districts. The plan was organized to provide life insurance, health care, and other benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claims payments are made for all participating districts and claims flow. The District is responsible for paying health plan claims up to \$135,000 per individual per year. Any claims exceeding the \$135,000 is covered by the District's stop-loss carrier.

The District pays the insurance premiums for the classified employees. The District pays the health insurance premiums for the certified employees, except for \$10 per month for single coverage and \$25 per month for family coverage, which is paid by the employees.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 10 - RISK MANAGEMENT - (Continued)**

The health and dental coverage is administered by Medical Mutual of Ohio, a third party administrator. National Insurance Services provides the life insurance coverage.

**C. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (see Note 2.A.). The Plan's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the District pays an enrollment fee to the Plan to cover the costs of administering the program.

**NOTE 11 - 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](http://www.ohsers.org), under *Forms and Publications*.

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 \$100,095, \$104,764 and \$96,819, respectively; 48.34 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.



**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 11 - PENSION PLANS - (Continued)**

**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](http://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.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$472,687, \$458,615, and \$454,482, respectively; 84.15 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 \$55 made by the District and \$6,890 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS 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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 12 - 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 \$66,030, \$54,797, and \$53,620, respectively; 48.34 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 \$7,212, \$7,124, and \$7,706, respectively; 48.34 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 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](http://www.strsoh.org) or by calling (888) 227-7877.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 \$36,361, \$35,278, and \$34,960, respectively; 84.15 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**NOTE 13 - 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 and emergency levy 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).

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>	<u>Emergency Levy Fund</u>
Budget basis	\$ 248,322	\$ -
Net adjustment for revenue accruals	4,323	-
Net adjustment for expenditure accruals	65,767	2,714
Net adjustment for other financing sources/uses	(18,709)	-
Adjustment for encumbrances	53,960	-
GAAP basis	\$ 353,663	\$ 2,714

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 15 - STATUTORY RESERVES**

The District is required by State law to set aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008 the reserve activity was as follows:

	Instructional <u>Materials</u>	Capital <u>Maintenance</u>
Set-aside balance as of June 30, 2007	\$ (223,319)	\$(15,655,000)
Current year set-aside requirement	136,502	136,502
Current year qualifying expenditures	<u>(139,967)</u>	<u>(214,875)</u>
Total	<u>\$ (226,784)</u>	<u>\$(15,733,373)</u>
Balance carried forward to FY 2009	<u>\$ (226,784)</u>	<u>\$(15,655,000)</u>

The District had qualifying expenditures during the year that reduced the instructional materials set-aside amount below zero. This negative amount may be used to offset set-aside requirements of future years and, therefore, is presented as being carried forward to fiscal year 2009.

The District had qualifying expenditures and offsets during the year that reduced the capital maintenance set-aside amount below zero. A portion of this negative amount may be used to offset set-aside requirements of future years and, therefore, is presented as being carried forward to fiscal year 2009.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of restricted assets at June 30, 2008 is as follows:

Amount restricted for school bus purchases	<u>\$ 21,203</u>
Total restricted assets	<u>\$ 21,203</u>

**JACKSON-MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

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

**NOTE 16 - CONTRACTUAL COMMITMENTS**

The District has entered into various contracts for the construction of a new middle/high school. A summary of these contracts and the contractual commitments as of June 30, 2008 is as follows:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Contract Balance</u>
Antenucci, Inc.	\$ 806,343	\$ (2,431)	\$ 803,912
Architectural Vision Group, Ltd.	755,215	(519,341)	235,874
Beaver Excavating	594,446	(592,946)	1,500
Crowe Enterprises	2,495,000	(225,000)	2,270,000
Fire Foe Corporation	154,150	-	154,150
Hively Construction	4,837,663	(156,425)	4,681,238
Ruhlin Company	755,215	(354,504)	400,711
S.A. Comunale	2,186,000	(73,080)	2,112,920
W.T. Leone's Tri-Area Electric	<u>1,388,059</u>	<u>(55,613)</u>	<u>1,332,446</u>
Total	<u>\$ 13,972,091</u>	<u>\$ (1,979,340)</u>	<u>\$ 11,992,751</u>

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JACKSON MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program		10.553	\$30,100		\$30,100	
National School Lunch Program		10.555	<u>104,272</u>		<u>104,272</u>	
Sub-Total U.S. Department of Agriculture - Nutrition Cluster			<u>134,372</u>		<u>134,372</u>	
Food Donation Program		10.550		<u>\$13,809</u>		<u>\$13,809</u>
Total U.S. Department of Agriculture			<u>134,372</u>	<u>\$13,809</u>	<u>134,372</u>	<u>\$13,809</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF-08	84.027	199,930		196,464	
Special Education Grants to States	6B-SF-07	84.027			<u>5,465</u>	
Total Special Education Grants to States - Special Education Cluster			<u>199,930</u>		<u>201,929</u>	
Title I Grants to Local Educational Agencies	C1-S1-08	84.010	102,839		92,794	
	C1-S1-07	84.010			<u>8,433</u>	
Total Title I Grants to Local Educational Agencies			<u>102,839</u>		<u>101,227</u>	
Safe and Drug-Free Schools and Communities	DR-S1-08	84.186	3,377		2,969	
	DR-S1-07	84.186			<u>26</u>	
Total Safe and Drug-Free Schools and Communities			<u>3,377</u>		<u>2,995</u>	
State Grants for Innovative Programs	C2-S1-08	84.298	<u>2,056</u>		<u>2,056</u>	
Education Technology State Grants	TJ-S1-08	84.318	<u>1,445</u>		<u>1,445</u>	
Improving Teacher Quality State Grants	TR-S1-08	84.367	45,020		45,017	
	TR-S1-07	84.367			<u>1,843</u>	
Total Improving Teacher Quality State Grants			<u>45,020</u>		<u>46,860</u>	
Total Department of Education			<u>354,667</u>		<u>356,512</u>	
<b>Totals</b>			<u><u>\$489,039</u></u>	<u><u>\$13,809</u></u>	<u><u>\$490,884</u></u>	<u><u>\$13,809</u></u>

The accompanying notes are an integral part of this schedule.

**JACKSON MILTON LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the School 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.





# 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 Milton Local School District  
Mahoning County  
14110 Mahoning Avenue  
North Jackson, Ohio 44451

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 Milton Local School District, Mahoning County, (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 April 30, 2009. 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.

### **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 audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 30, 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 Milton Local School District  
Mahoning County  
14110 Mahoning Avenue  
North Jackson, Ohio 44451

To the Board of Education:

### Compliance

We have audited the compliance of Jackson Milton Local School District (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 each of its major federal programs 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 programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to 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 Jackson Milton Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs 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.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293  
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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 entity's ability to administer a federal program such that there is more than a remote likelihood that the entity'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.



**Mary Taylor, CPA**  
Auditor of State

April 30, 2009

**JACKSON MILTON LOCAL SCHOOL DISTRICT  
MAHONING 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):	Title I Grants To Local Educational Agencies – CFDA#84.010 Special Education Cluster – Grants to States – CFDA#84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**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





**Mary Taylor, CPA**  
Auditor of State

**JACKSON MILTON LOCAL SCHOOL DISTRICT**  
**MAHONING 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**  
**JUNE 9, 2009**