

MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT



Basic Financial Statements

June 30, 2011



Dave Yost • Auditor of State

Board of Education
Milford Exempted Village School District
777 Garfield Avenue
Milford, Ohio 45150

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

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

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

Dave Yost
Auditor of State

January 10, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Education
Milford Exempted Village School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that 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 the District, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18 to the financial statements, during the year ended June 30, 2011, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
November 21, 2011

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

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

Financial Highlights

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities decreased \$1,379,275 which represents a 6% decrease from 2010.
- General revenues accounted for \$60,856,716 in revenue or 85.0% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,709,247 or 15.0% of total revenues of \$71,565,963.
- The District had \$72,945,238 in expenses related to governmental activities; \$10,709,247 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$60,856,716 were also used to provide for these programs.

Overview of the Financial Statements

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

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

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Government-Wide Financial Statements

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 questions, "How did we do financially during 2011?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the 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 has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. 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 Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds are presented in the Fund Financial Statements. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

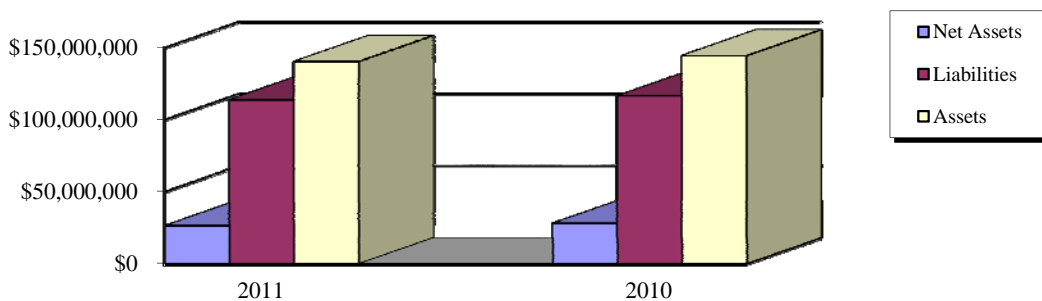
**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2011 compared to 2010:

**Table 1
Net Assets**

	Governmental Activities	
	2011	2010
Assets:		
Current and Other Assets	\$60,611,101	\$65,938,097
Capital Assets	79,684,023	78,446,462
Total Assets	140,295,124	144,384,559
Liabilities:		
Other Liabilities	40,559,213	42,289,720
Long-Term Liabilities	73,195,854	74,175,507
Total Liabilities	113,755,067	116,465,227
Net Assets:		
Invested in Capital Assets, Net of Related Debt	9,697,284	11,930,308
Restricted	5,391,940	5,979,254
Unrestricted	11,450,833	10,009,770
Total Net Assets	\$26,540,057	\$27,919,332



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$26,540,057.

At year-end, capital assets represented 57% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$9,697,284. 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.

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

A portion of the District's net assets, \$5,391,940 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets decreased from the prior year mainly because the District had a decrease in cash at year-end compared to 2010. Capital assets increased in 2011 as compared to 2010 mainly due to the construction of various school improvement projects for the District. Total liabilities decreased from fiscal year 2010 to 2011 because of a decrease in contracts payable to construct new schools and regularly scheduled debt payments.

Table 2 shows the changes in net assets for fiscal years 2011 and 2010.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues		
Charges for Services	\$4,797,993	\$4,859,430
Operating Grants, Contributions	5,911,254	6,575,193
Capital Grants and Contributions	0	0
General Revenues:		
Property Taxes	35,067,790	37,598,542
Grants and Entitlements	23,066,367	22,259,666
Other	2,722,559	2,363,456
Total Revenues	<u>71,565,963</u>	<u>73,656,287</u>
Program Expenses:		
Instruction	39,088,366	36,704,560
Support Services:		
Pupil and Instructional Staff	6,909,255	6,485,209
School Administrative, General		
Administration, Fiscal and Business	5,282,546	4,924,309
Operations and Maintenance	5,595,273	5,651,570
Pupil Transportation	5,700,734	4,921,624
Central	1,016,175	823,964
Operation of Non-Instructional Services	4,785,095	4,654,201
Extracurricular Activities	1,239,309	1,318,073
Interest and Fiscal Charges	3,328,485	3,317,900
Total Program Expenses	<u>72,945,238</u>	<u>68,801,410</u>
Change in Net Assets	(1,379,275)	4,854,877
Net Assets Beginning of Year	<u>27,919,332</u>	<u>22,464,455</u>
Net Assets End of Year	<u>\$26,540,057</u>	<u>\$27,319,332</u>

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

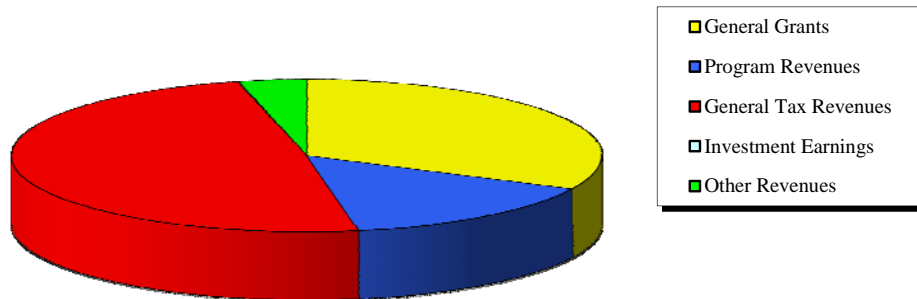
The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes and grants and entitlements comprised 81% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 49% of revenue for governmental activities for the District in fiscal year 2011.

**Governmental Activities
Revenue Sources**

Revenue Sources	2011	Percentage
General Grants	\$23,066,367	32.23%
Program Revenues	10,709,248	14.96%
General Tax Revenues	35,067,790	49.00%
Investment Earnings	66,393	0.09%
Other Revenues	2,656,165	3.71%
Total Revenue Sources	\$71,565,963	100%



Instruction comprises 53.6% of governmental program expenses. Support services expenses were 33.6% of governmental program expenses. All other expenses including interest expense were 12.8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Operating Grants decreased mainly due to a decrease in grant monies received in fiscal year 2011 as compared to fiscal year 2010. Instruction increased from fiscal year 2010 mainly due to general inflationary cost increases.

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 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 entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction	\$39,088,366	\$36,704,560	(\$35,338,354)	(\$32,712,720)
Support Services:				
Pupil and Instructional Staff	6,909,255	6,485,209	(5,930,207)	(5,471,821)
School Administrative, General				
Administration, Fiscal and Business	5,282,546	4,924,309	(5,101,106)	(4,736,212)
Operations and Maintenance	5,689,037	5,651,570	(5,371,364)	(5,332,708)
Pupil Transportation	5,700,734	4,921,624	(4,945,358)	(4,046,101)
Central	1,016,175	823,964	(992,975)	(794,526)
Operation of Non-Instructional Services	4,691,331	4,654,201	(351,841)	72,360
Extracurricular Activities	1,239,309	1,318,073	(876,300)	(1,027,159)
Interest and Fiscal Charges	3,328,485	3,317,900	(3,328,485)	(3,317,900)
Total Expenses	\$72,945,238	\$68,801,410	(\$62,235,990)	(\$57,366,787)

The District's Funds

The District has two major governmental funds: the General Fund and Debt Service Fund. Assets of the General Fund comprised \$50,229,631 (84%) and the Debt Service Fund comprised \$6,423,500 (11%) of the total \$59,652,785 governmental funds assets.

General Fund: Fund balance at June 30, 2011 was \$11,307,164, an increase in fund balance of \$1,291,980 from 2010. The increase in fund balance was mainly due to an increase in revenue in lieu of taxes and tuition and fees.

Debt Service Fund: Fund balance at June 30, 2011 was \$2,985,150, an increase in fund balance of \$128,939 from 2010. The increase in fund balance was achieved in spite of declining revenues since expenditures declined as well.

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.

The District amended its general fund budget once at the fiscal year end. The District revised the Budget to deal with minor changes in expenditures.

For the General Fund, original estimated revenue was \$56,076,688. The final estimated revenue was \$56,076,688.

The District's ending unobligated cash balance was \$3,921,346 greater than the final budgeted amount.

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the District had \$79,684,023 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal 2011 balances compared to fiscal 2010:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	Governmental Activities	
	2011	2010
Land	\$4,938,233	\$4,932,970
Construction in Progress	0	26,679,993
Buildings and Improvements	73,671,094	45,528,198
Equipment	1,074,696	1,305,301
Total Net Capital Assets	<u>\$79,684,023</u>	<u>\$78,446,462</u>

The increase in capital assets is mainly due to the completion of construction of various school improvements projects for the District.

See Note 6 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2011, the District had \$71,066,572 in bonds payable, \$912,251 due within one year. Table 5 summarizes outstanding debt at year end.

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2011	2010
Bonds Payable:		
Energy Conservation Loan - 1999	\$439,547	\$571,998
General Obligation Bonds - 2001	3,180,000	3,640,000
Refunded General Obligation Bonds: Current Interest - 2006	6,740,000	6,790,000
Refunded General Obligation Bonds: Capital Appreciation - Principal	410,000	410,000
Refunded General Obligation Bonds: Capital Appreciation - Interest	713,810	525,560
Refunded General Obligation Bonds - 2007	22,515,000	22,515,000
Long Term Notes	1,900,000	1,956,000
2008 School Improvement Bonds: Current Interest	30,930,000	31,080,000
2008 School Improvement Bonds: Capital Appreciation - Principal	285,000	285,000
2008 School Improvement Bonds: Capital Appreciation - Interest	172,198	100,263
Premium on Bonds	3,781,017	3,963,163
Total Long Term Debt	<u>\$71,066,572</u>	<u>\$71,836,984</u>

See Note 7-8 to the basic financial statements for further details on the District's long-term obligations.

For the Future

In June of 2005, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2006 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, school districts are being reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial 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 Debbie Caudle, Interim Treasurer at Milford Exempted Village School District, 777 Garfield Avenue, Milford, Ohio 45150.

Milford Exempted Village School District
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$17,948,082
Restricted Cash and Investments	10,051
Receivables:	
Taxes	39,652,141
Accounts	11,278
Interest	3,096
Intergovernmental	1,919,604
Deferred Bond Issuance Costs	958,316
Inventory	108,533
Nondepreciable Capital Assets	4,938,233
Depreciable Capital Assets, Net	<u>74,745,790</u>
 Total Assets	 <u>140,295,124</u>
Liabilities:	
Accounts Payable	47,473
Accrued Wages and Benefits	6,436,461
Accrued Interest Payable	269,200
Unearned Revenue	33,806,079
Long-Term Liabilities:	
Due Within One Year	1,467,215
Due In More Than One Year	<u>71,728,639</u>
 Total Liabilities	 <u>113,755,067</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	9,697,284
Restricted for:	
Other Purposes	53,992
Debt Service	3,954,052
Capital Projects	987,062
Other Grants	11,386
Athletic	210,376
Auxiliary Services	16,788
Federal Grants	3,156
Permanent Endowment Nonexpendable	77,564
Permanent Endowment Expendable	77,564
Unrestricted	<u>11,450,833</u>
 Total Net Assets	 <u>\$26,540,057</u>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales		Operating Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$31,719,354	\$2,281,304	\$2,203,911	(\$27,234,139)
Special	6,974,358	12,544	155,437	(6,806,377)
Vocational	274,868	0	0	(274,868)
Adult	31,998	0	0	(31,998)
Other	87,788	0	453,381	365,593
Support Services:				
Pupil	2,950,932	0	742,570	(2,208,362)
Instructional Staff	3,958,323	0	161,726	(3,796,597)
General Administration	165,036	0	0	(165,036)
School Administration	3,309,127	0	98,282	(3,210,845)
Fiscal	1,329,353	0	0	(1,329,353)
Business	479,030	0	0	(479,030)
Operations and Maintenance	5,595,273	194,680	20,441	(5,380,152)
Pupil Transportation	5,700,734	0	755,376	(4,945,358)
Central	1,016,175	0	23,200	(992,975)
Operation of Non-Instructional Services	4,785,095	1,946,456	1,296,930	(1,541,709)
Extracurricular Activities	1,239,309	363,009	0	(876,300)
Interest and Fiscal Charges	3,328,485	0	0	(3,328,485)
Total Governmental Activities	\$72,945,238	\$4,797,993	\$5,911,254	(62,235,991)

General Revenues:

Property Taxes Levied for:

General Purposes	31,383,792
Debt Service Purposes	3,464,639
Capital Projects Purposes	219,359
Grants and Entitlements not Restricted to Specific Program:	23,066,367
Unrestricted Payment in Lieu of Taxes	1,632,213
Unrestricted Contributions	130,558
Investment Earnings	66,393
Other Revenues	893,395

Total General Revenues 60,856,716

Change in Net Assets (1,379,275)

Net Assets Beginning of Year 27,919,332

Net Assets End of Year \$26,540,057

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$13,309,091	\$2,533,050	\$2,105,941	\$17,948,082
Restricted Cash and Investments	0	0	10,051	10,051
Receivables:				
Taxes	35,321,345	3,890,450	440,346	39,652,141
Accounts	11,278	0	0	11,278
Interest	2,812	0	704	3,516
Intergovernmental	1,504,400	0	415,204	1,919,604
Inventory	80,705	0	27,408	108,113
Total Assets	50,229,631	6,423,500	2,999,654	59,652,785
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	42,957	0	4,516	47,473
Accrued Wages and Benefits	5,739,213	0	697,248	6,436,461
Compensated Absences	384,754	0	1,756	386,510
Deferred Revenue	32,755,543	3,438,350	453,534	36,647,427
Total Liabilities	38,922,467	3,438,350	1,157,054	43,517,871
Fund Balances:				
Nonspendable	80,705	0	39,480	120,185
Restricted	0	2,985,150	1,774,822	4,759,972
Assigned	343,007	0	143,056	486,063
Unassigned	10,883,452	0	(114,758)	10,768,694
Total Fund Balances	11,307,164	2,985,150	1,842,600	16,134,914
Total Liabilities and Fund Balances	\$50,229,631	\$6,423,500	\$2,999,654	\$59,652,785

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2011

Total Governmental Fund Balance		\$16,134,914
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		79,684,023
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	2,827,062	
Interest	1,421	
Intergovernmental	<u>12,865</u>	
		2,841,348
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(269,200)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences		(1,742,772)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		958,316
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(71,066,572)</u>
Net Assets of Governmental Activities		<u>\$26,540,057</u>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$31,383,676	\$3,464,610	\$219,339	\$35,067,625
Revenue in lieu of taxes	1,632,213	0	0	1,632,213
Tuition and Fees	2,293,849	0	0	2,293,849
Investment Earnings	49,000	0	15,972	64,972
Intergovernmental	22,822,683	474,188	5,739,076	29,035,947
Extracurricular Activities	138,019	0	224,990	363,009
Charges for Services	0	0	1,997,319	1,997,319
Other Revenues	761,776	4,298	315,277	1,081,351
Total Revenues	59,081,216	3,943,096	8,511,973	71,536,285
Expenditures:				
Current:				
Instruction:				
Regular	26,230,763	0	2,192,311	28,423,074
Special	6,784,922	0	147,686	6,932,608
Vocational	301,770	0	0	301,770
Other	21,351	0	145,442	166,793
Support Services:				
Pupil	2,141,197	0	711,750	2,852,947
Instructional Staff	3,818,014	0	162,310	3,980,324
General Administration	165,036	0	0	165,036
School Administration	3,094,994	0	80,380	3,175,374
Fiscal	1,271,608	58,263	3,841	1,333,712
Business	454,033	0	0	454,033
Operations and Maintenance	5,250,471	0	139,421	5,389,892
Pupil Transportation	4,945,357	0	755,377	5,700,734
Central	907,054	0	21,200	928,254
Operation of Non-Instructional Services	1,282,667	0	3,417,758	4,700,425
Extracurricular Activities	1,001,622	0	219,905	1,221,527
Capital Outlay	0	0	5,080,965	5,080,965
Debt Service:				
Principal Retirement	132,451	660,000	56,000	848,451
Interest and Fiscal Charges	27,343	3,095,894	88,550	3,211,787
Total Expenditures	57,830,653	3,814,157	13,222,896	74,867,706
Excess of Revenues Over (Under) Expenditures	1,250,563	128,939	(4,710,923)	(3,331,421)
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	41,417	0	51,000	92,417
Total Other Financing Sources (Uses)	41,417	0	51,000	92,417
Net Change in Fund Balance	1,291,980	128,939	(4,659,923)	(3,239,004)
Fund Balance Beginning of Year	10,015,184	2,856,211	6,502,523	19,373,918
Fund Balance End of Year	\$11,307,164	\$2,985,150	\$1,842,600	\$16,134,914

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balance - Total Governmental Funds (\$3,239,004)

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

Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	2,946,614	
Depreciation Expense	<u>(1,703,053)</u>	1,243,561

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (6,000)

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

Delinquent Property Taxes	164	
Interest	1,421	
Intergovernmental	<u>(58,324)</u>	(56,739)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 848,451

Interest expense in the statement of activities differs from the amount reported in governmental funds for two reasons. Additional accrued interest was calculated for bonds and notes payable, and the difference arising from the advance refunding due to premium and bond issuance costs.

Accrued Interest		4,987
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(52,846)	
Amortization of Bond Issuance Cost	(43,646)	
Amortization of Bond Premium	182,146	
Bond Accretion	<u>(260,185)</u>	(174,531)

Change in Net Assets of Governmental Activities (\$1,379,275)

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2011

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$56,310</u>
Total Assets	<u>56,310</u>
Liabilities:	
Other Liabilities	<u>56,310</u>
Total Liabilities	<u>\$56,310</u>
Net Assets:	
Held in Trust	
Total Net Assets	

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 1 - Description of the District

Milford Exempted Village 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 operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the District's nine instructional support facilities staffed by approximately 307 non-certificated, 406 teaching personnel and 30 administrative employees providing education to approximately 6,591 students.

Reporting Entity

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

Parochial School Funding - Within the District boundaries, St. Andrew and St. Elizabeth Ann Seton Schools are operated through the Cincinnati Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District are reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if (1) the District appoints a voting majority of the organization's governing board and (2) the District is able to significantly influence the programs or services performed or provided by the organization; or (3) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the 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. The District has no component units.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

The City of Milford and the Parent Teacher Organizations, which perform activities within the District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District. The District is associated with three organizations of which two are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the Hamilton/Clermont Cooperative Association (H/CCA), Great Oaks Institute of Technology and Career Development and the Ohio School Boards Association Workers' Compensation Group Rating Plan, respectively. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in the entity-wide statements.

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Fund Financial Statements

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

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary. 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. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

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

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

Debt Service – The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District maintains two fiduciary (agency) funds, known as the Student Managed Activity Fund and Unclaimed Monies Fund. The Student Managed Activity Fund was established to account for assets and liabilities generated by student managed activities and the Unclaimed Monies Fund was established to account for monies owed to others but not paid.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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, included 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the 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.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2011 amounted to \$64,972. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$49,000.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements that add to the value of an asset or materially extend an asset's life are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Equipment	5

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets include retainage and the nonexpendable amount relating to the permanent endowment fund.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified employees after 10 years of service, certified employees after 20 years and administrators after 25 years of service.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due to the employee at year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 220 days for teachers and administrators, and 220 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 55 days for teachers and administrators. Classified personnel, upon retirement, are paid for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Net Assets

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's restricted net assets of \$5,605,930, none was restricted by enabling legislation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be uses.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

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 financial statements.

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.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Estimates

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

Note 3 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but not limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by federal depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2011, \$16,524,092 of the District's bank balance of \$17,042,981 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$20,786	0.00
Federal Home Loan Bank	100,711	0.88
Federal Home Loan Bank - Discount Note	199,996	0.10
Freddie Mac - Discount Note	249,996	0.08
Fannie Mae - Discount Note	224,993	0.10
Federal Home Loan Mortgage Corp	100,796	1.08
Federal National Mortgage Association	578,917	0.75
Treasury Bills	300,445	0.95
	<u>\$1,776,640</u>	
Portfolio Weighted Average Maturity		0.55

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal Home Loan Bank – Discount Note, Federal Home Loan Mortgage Corp., National Mortgage Association, Freddie Mac – Discount Note, Fannie Mae – Discount Note, and Treasury Bills were rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Money Markets were not rated.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. Less than 1% of investments at June 30, 2011 were in Money Markets, 14% in Freddie Mac – Discount Note, 13% in Fannie Mae – Discount Note, 6% in Federal Home Loan Bank. 11% in Federal Home Loan Bank – Discount Note, 6% in Federal Home Loan Mortgage Corp., 33% in Federal National Mortgage Association and 17% in Treasury Bills.

Custodial Credit Risk – 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. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District. The District’s policy does not address custodial credit risk for investments.

Note 4 - Property Taxes

Real property taxes collected in 2011 were levied in April on the assessed values as of January 1, 2010, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. 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 School District prior to June 30.

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The Clermont and Hamilton County Auditors remit portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2011 and for which there is an enforceable legal claim. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2011. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2011, was \$4,071,300 for General Fund and \$452,100 for Other Governmental Funds, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2011 operations.

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

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$950,908,870
Public Utility	<u>22,582,190</u>
Total	<u><u>\$973,491,060</u></u>

Note 5 – Receivables

Receivables at June 30, 2011, consisted of taxes, accounts (rent, tuition, and student fees) interest, and intergovernmental grants. 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.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$4,932,970	\$5,263	\$0	\$4,938,233
Construction in Progress	<u>26,679,993</u>	<u>2,832,984</u>	<u>29,512,977</u>	<u>0</u>
Total Capital Assets, not being depreciated	31,612,963	2,838,247	29,512,977	4,938,233
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	65,902,434	29,522,977	0	95,425,411
Equipment	<u>3,946,616</u>	<u>98,367</u>	<u>123,806</u>	<u>3,921,177</u>
Total Capital Assets, being depreciated:	<u>69,849,050</u>	<u>29,621,344</u>	<u>123,806</u>	<u>99,346,588</u>
Totals at Historical Cost	<u>101,462,013</u>	<u>32,459,591</u>	<u>29,636,783</u>	<u>104,284,821</u>
Less Accumulated Depreciation:				
Buildings and Improvements	20,374,236	1,380,081	0	21,754,317
Equipment	<u>2,641,315</u>	<u>322,972</u>	<u>117,806</u>	<u>2,846,481</u>
Total Accumulated Depreciation	<u>23,015,551</u>	<u>1,703,053</u>	<u>117,806</u>	<u>24,600,798</u>
Governmental Activities Capital Assets, Net	<u><u>\$78,446,462</u></u>	<u><u>\$30,756,538</u></u>	<u><u>\$29,518,977</u></u>	<u><u>\$79,684,023</u></u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,456,982
Special	473
Vocational	1,270
Support Services:	
Pupil	18,222
Business	28,443
Operations and Maintenance	84,594
Central	31,085
Operation of Non-Instructional Services	64,202
Extracurricular Activities	<u>17,782</u>
Total Depreciation Expense	<u><u>\$1,703,053</u></u>

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 7 - Long-Term Liabilities

	Rate	Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
Governmental Activities:						
Loan, Bonds & Notes:						
1999 Energy Conservation Loan	5.07%	\$571,998	\$0	(\$132,451)	\$439,547	\$139,251
2001 General Obligation Bonds	4.00%	3,640,000	0	(460,000)	3,180,000	545,000
2006 Refunded General Obligation Bonds:						
Current Interest	3.00%	6,790,000	0	(50,000)	6,740,000	50,000
Capital Appreciation - Principal	4.00%	410,000	0	0	410,000	0
Capital Appreciation - Interest		525,560	188,250	0	713,810	0
2007 Refunded General Obligation Bonds		22,515,000	0	0	22,515,000	0
Long Term Notes		1,956,000	0	(56,000)	1,900,000	58,000
2008 School Improvement:						
Current Interest	3.50%	31,080,000	0	(150,000)	30,930,000	120,000
Capital Appreciation - Principal		285,000	0	0	285,000	0
Capital Appreciation - Interest		100,263	71,935	0	172,198	0
Premium on Bonds		3,963,163	0	(182,146)	3,781,017	0
Total Loan, General Obligation Bonds & Notes		71,836,984	260,185	(1,030,597)	71,066,572	912,251
Compensated Absences		2,338,523	610,992	(820,233)	2,129,282	554,964
Total Governmental Activities		\$74,175,507	\$871,177	(\$1,850,830)	\$73,195,854	\$1,467,215

Energy Conservation Loan - On January 21, 2000, the District issued \$1,664,495 in an energy conservation loan for the purpose of installations, modifications of installations, or remodeling that would significantly reduce energy consumption in buildings owned by the District. The loan was issued for a fifteen year period with final maturity at December 1, 2013. The loan will be retired from the General Fund.

General Obligation Bonds - On December 1, 2001 the District issued \$43,566,000 in general obligation bonds for the purpose of constructing three new school buildings and related land purchases. The bonds were issued for a twenty-nine year period with a final maturity of December 1, 2030. The bonds will be retired from the Debt Service Fund.

Refunding General Obligation Bonds - During fiscal year 2006, the District issued \$9,700,000 of general obligation bonds for the current refunding of \$9,700,000 of the 2001 series bonds. The \$1,410,164 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 26 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Refunding General Obligation Bonds - During fiscal year 2007, the District issued \$25,110,000 of general obligations bonds for the current refunding of \$25,110,000 of the 2001 series bonds. The \$2,247,367 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of the new debt, which has a remaining life of 25 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

Long Term Notes - On November 17, 2005 the District authorized a \$1,550,000 financing through the OASBO Expanded Asset Pooled Financing Program for the purposes of renovating the bus garage facility. As of June 30, 2007 the District had drawn \$2,092,000 of the maximum financing amount. The note will be repaid over a twenty-five year period with a final maturity of January 1, 2031. The note will be repaid from the Debt Service Fund.

School Improvement General Obligation Bonds - During fiscal year 2009, the District issued \$31,375,000 of general obligation bonds, \$4 million of which retired the bond anticipation note. The \$357,126 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 27 years. The refunding bonds are retired through the Debt Service Fund using tax revenues.

Compensated absences will be paid from the fund from which the person is paid.

Prior Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2011, \$4,025,000 of bonds outstanding are considered defeased.

Principal and interest requirements for governmental activities to retire bonds and notes outstanding at June 30, 2011, are as follows:

Fiscal Year Ending June 30	Loan, Notes & Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$912,251	\$3,175,646	\$4,087,897	\$0	\$0	\$0
2013	1,217,401	3,131,298	4,348,699	0	0	0
2014	1,352,917	3,077,110	4,430,027	0	0	0
2015	1,342,000	3,017,388	4,359,388	0	0	0
2016	375,000	2,980,737	3,355,737	215,000	1,145,000	1,360,000
2017-2021	7,563,000	14,194,492	21,757,492	480,000	2,930,000	3,410,000
2022-2026	17,140,000	11,421,772	28,561,772	0	0	0
2027-2031	21,933,000	6,669,788	28,602,788	0	0	0
2032-2036	11,264,000	2,216,229	13,480,229	0	0	0
2037	2,605,000	68,381	2,673,381	0	0	0
Total	<u>\$65,704,569</u>	<u>\$49,952,841</u>	<u>\$115,657,410</u>	<u>\$695,000</u>	<u>\$4,075,000</u>	<u>\$4,770,000</u>

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 8 - Pension Plans

School Employees Retirement System of Ohio

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were \$1,313,616, \$1,341,000, and \$1,275,564, respectively; 58% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

State Teachers Retirement System of Ohio

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2011, 2010, and 2009 were \$3,912,444, \$3,553,440, and \$3,358,572, respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 9- Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76%. District contributions for the year ended June 30, 2011, 2010 and 2009 were \$71,311, \$72,797 and \$68,334, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$134,176, \$44,061, and \$379,025, respectively; 58% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

State Teachers Retirement System of Ohio

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2011, 2010 and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2011, 2010, and 2009 were \$279,460, \$253,817, and \$239,898, respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Note 10 - Contingent Liabilities

Grants

The District receives 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

Litigation

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

Duke Energy Contingency

In June, 2010 Duke Energy notified School District customers in southwest Ohio that it had appealed its personal property valuation with the Ohio Department of Taxation and was going to reduce its tax payments while the appeal was in process. The impact on Milford Exempted Village School District is estimated at \$580,000 per year if Duke wins the appeal. Duke has indicated that it will begin deducting half that amount from its tax payments beginning in fiscal year 2011. The District believes that the valuation method used by the Ohio Department of Taxation is correct and will be upheld. However, the District has adjusted its forecasted tax revenues to reflect this change and has sufficient cash reserves to cover the repayment of taxes that would be necessary if Duke wins the appeal.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the District contracted with Acordia for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Indiana Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$124,928,675
Inland Marine Coverage (\$500 deductible)	included above
Boiler and Machinery	included above
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists	1,000,000
Employers' Liability (\$1,000 deductible)	2,000,000
General Liability	
Per occurrence (\$1,000 deductible)	1,000,000
Aggregate	3,000,000

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

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Note 12 - Fund Balance Reserves For Set-Asides

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2010	(\$1,036,371)	\$0
Current Year Set Aside Requirements	930,028	930,028
Qualified Disbursements	<u>(1,416,902)</u>	<u>(998,202)</u>
Set Aside Reserve Balance as of June 30, 2011	<u>(\$1,523,245)</u>	<u>(\$68,174)</u>
Restricted Cash as of June 30, 2011	<u>\$0</u>	<u>\$0</u>
Carried Forward to FY 2012	<u>(\$1,523,245)</u>	

Note 13 - Jointly Governed Organizations

Hamilton/Clermont Cooperative Association

The Milford Exempted Village School District is a participant in a two county consortium of school districts to operate the Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. Complete financial statements for H/CCA can be obtained from Al Porter, Director, their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board, which possesses its own budgeting and taxing authority. Great Oaks Institute of Technology and Career Development was formed for the purpose of providing vocational education opportunities to the students of the school district including students of Milford Exempted Village School District. The District has no ongoing financial interest in nor responsibility for the Vocational School. Complete financial statements for Great Oaks Great Oaks Institute of Technology and Career Development can be obtained from the Chief Fiscal Officer, Robert Giuffre, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 14 - Insurance Purchasing Pool

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP'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 program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

Note 15 – Change in Accounting Principles and Restatement of Fund Balance

Change in Accounting Principles

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB 54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the District is bound to honor constraints on the specific purposes for which amounts in funds can be spent.

Restatement of Fund Balance

The implementation of GASB 54 had the following effects on fund balance of the following major and non-major (other governmental) funds of the District as they were previously reported.

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2010	\$9,592,111	\$4,650,729
Remove Fund that is Major for FY 2011	0	(2,856,211)
Add Fund that is Nonmajor for FY 2011	0	5,131,078
GASB 54 Fund Reclassification	423,073	(423,073)
Fund Balance, June 30, 2010 - Restated	<u>\$10,015,184</u>	<u>\$6,502,523</u>

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 16 – Fund Balances

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

Fund Balances	General	Debt Service	Other Governmental Funds	Total
Nonspendable on:				
Inventory	\$ 80,705	0	\$ 27,408	\$ 108,113
Permanent	0	0	12,072	12,072
Total Nonspendable	80,705	0	39,480	120,185
Restricted for:				
Special Trust	\$0	\$0	\$55,523	\$55,523
Local Grants	0	0	11,386	11,386
Auxiliary Services	0	0	16,788	16,788
Management Information Systems	0	0	2,000	2,000
Alternate School Programs	0	0	1,962	1,962
Title VI-B	0	0	142,507	142,507
IDEA Preschool Grant	0	0	7,184	7,184
Food Service	0	0	140,356	140,356
Race To The Top	0	0	5,874	5,874
Extracurricular Activities	0	0	210,376	210,376
Permanent Improvements	0	0	987,038	987,038
Debt Service	0	2,985,150	0	2,985,150
Building	0	0	193,828	193,828
Total Restricted	0	2,985,150	1,774,822	4,759,972
Assigned to:				
Encumbrances	343,007	0	0	343,007
Permanent	0	0	143,056	143,056
Total Assigned	343,007	0	143,056	486,063
Unassigned (Deficit)	10,883,452	0	(114,758)	10,768,694
Total Fund Balance	\$11,307,164	\$2,985,150	\$1,842,600	\$16,134,914

Required Supplementary Information

Milford Exempted Village School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$30,809,047	\$30,809,047	\$31,384,976	\$575,929
Revenue in lieu of taxes	1,602,261	1,602,261	1,632,213	29,952
Tuition and Fees	407,672	407,672	415,293	7,621
Investment Earnings	58,386	58,386	59,477	1,091
Intergovernmental	22,403,876	22,403,876	22,822,683	418,807
Extracurricular Activities	95,087	95,087	96,865	1,778
Other Revenues	700,359	700,359	713,451	13,092
Total Revenues	56,076,688	56,076,688	57,124,958	1,048,270
Expenditures:				
Current:				
Instruction:				
Regular	27,708,311	27,708,311	26,363,283	1,345,028
Special	7,095,792	7,095,792	6,751,345	344,447
Vocational	308,537	308,537	293,560	14,977
Other	19,184	19,184	18,253	931
Support Services:				
Pupil	2,113,215	2,113,215	2,010,634	102,581
Instructional Staff	4,016,739	4,016,739	3,821,757	194,982
General Administration	173,798	173,798	165,361	8,437
School Administration	3,098,189	3,098,189	2,947,795	150,394
Fiscal	1,351,437	1,351,437	1,285,835	65,602
Business	521,354	521,354	496,046	25,308
Operations and Maintenance	5,402,272	5,402,272	5,140,033	262,239
Pupil Transportation	5,191,823	5,191,823	4,939,799	252,024
Central	940,321	940,321	894,676	45,645
Extracurricular Activities	1,065,081	1,065,081	1,013,379	51,702
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	132,463	139,221	132,463	6,758
Interest and Fiscal Charges	35,484	28,725	27,331	1,394
Total Expenditures	59,174,000	59,173,999	56,301,550	2,872,449
Excess of Revenues Over (Under) Expenditures	(3,097,312)	(3,097,311)	823,408	3,920,719
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	33,541	33,541	34,168	627
Transfers (Out)	0	0	0	0
Total Other Financing Sources (Uses)	33,541	33,541	34,168	627
Net Change in Fund Balance	(3,063,771)	(3,063,770)	857,576	3,921,346
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,660,407	11,660,407	11,660,407	0
Fund Balance End of Year	\$8,596,636	\$8,596,637	\$12,517,983	\$3,921,346

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2011

Note 1 – Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2011.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2011

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$1,291,980
Revenue Accruals	(441,708)
Expenditure Accruals	369,007
Proceeds of Capital Assets	(7,249)
Encumbrances	<u>(354,454)</u>
Budget Basis	<u><u>\$857,576</u></u>

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MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT



Single Audit Reports

June 30, 2011

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$96,352	\$0	\$96,352	\$0
National School Lunch Program	3L60	10.555	543,798	148,101	543,798	148,101
Total Nutrition Cluster			<u>640,150</u>	<u>148,101</u>	<u>640,150</u>	<u>148,101</u>
Total U.S. Department of Agriculture			<u>640,150</u>	<u>148,101</u>	<u>640,150</u>	<u>148,101</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	1,048,916	0	1,052,760	0
Special Education-Grants to States - ARRA	3DJ0	84.391	666,600	0	683,715	0
Special Education-Preschool Grants	3C50	84.173	33,876	0	35,013	0
Special Education-Preschool Grants - ARRA	3DL0	84.392	20,713	0	21,263	0
Total Special Education Cluster			<u>1,770,105</u>	<u>0</u>	<u>1,792,751</u>	<u>0</u>
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	555,192	0	559,567	0
Title I Grants to Local Educational Agencies - ARRA	3DK0	84.389	143,794	0	159,122	0
Total Title I Cluster			<u>698,986</u>	<u>0</u>	<u>718,689</u>	<u>0</u>
Education Jobs Fund - ARRA	3ET0	84.410	281,528	0	273,735	0
Race to the Top - ARRA	3FD0	84.395	22,540	0	21,406	0
Safe and Drug Free Schools and Communities	3D10	84.186	0	0	1,545	0
Education Technology State Grants	3S20	84.318	1,762	0	2,216	0
Improving Teacher Quality	3Y60	84.367	173,987	0	175,079	0
State Fiscal Stabilization Fund (SFSF) Ed St Grant - ARRA	GRF	84.394	1,337,233	0	1,337,233	0
Total Department of Education			<u>4,286,141</u>	<u>0</u>	<u>4,322,654</u>	<u>0</u>
Total Federal Assistance			<u>\$4,926,291</u>	<u>\$148,101</u>	<u>\$4,962,804</u>	<u>\$148,101</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Milford Exempted Village School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2011 wherein we noted the District adopted GASB Statement No. 54 as disclosed in Note 18. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Auditor of State, the Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
November 21, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Education
Milford Exempted Village School District

Compliance

We have audited Milford Exempted Village School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the District 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the District as of and for the year ended June 30, 2011, and have issued our report thereon dated November 21, 2011, which contained an unqualified opinion on those financial statements wherein we noted the District adopted GASB Statement No. 54 as disclosed in Note 18. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Auditor of State, the Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
November 21, 2011

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant control deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510?</i>	No
(d)(1)(vii)	<i>Major Programs (list):</i>	Special Education Cluster: Special Education-Grants to States CFDA #84.027 Special Education-Grants to States - ARRA CFDA #84.391 Special Education-Preschool Grants CFDA #84.173 Special Education-Preschool Grants - ARRA CFDA #84.392 Title I Cluster: Title I Grants to Local Educational Agencies CFDA #84.010 Title I Grants to Local Educational Agencies - ARR CFDA #84.389 State Fiscal Stabilization Fund (SFSF) Ed St Grant - .CFDA #84.394
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133
Year Ended June 30, 2011**

The Milford Exempted Village School District had no prior audit findings or questioned costs.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURE**

Board of Education
Milford Exempted Village School District

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

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

- We noted the Board amended its anti-harassment policy on August 23 15, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.
- In our report dated December 30, 2010, we noted the Board adopted an anti-harassment policy on December 20, 2007. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
 1. The Board amended the policy on February 8, 2011. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.666.

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
November 21, 2011

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Dave Yost • Auditor of State

MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 24, 2012**