



Dave Yost • Auditor of State

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Classroom Facilities Maintenance Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 16, 2015

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Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The discussion and analysis of the Maysville Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2014 are as follows:

- Net position of governmental activities increased \$205,368.
- General revenues accounted for \$15,645,530 in revenue or 63 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$9,257,314, 37 percent of total revenues of \$24,902,844.
- Total assets of governmental activities decreased \$1,114,678. The decrease was mainly due to a decrease in capital assets in the amount of \$1,311,892 due to annual depreciation expense exceeding the purchase of capital assets. The decrease was offset by an increase in current and other assets in the amount of \$197,214.
- The School District had \$24,697,476 in expenses related to governmental activities; only \$9,257,314 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$15,645,530 were adequate to provide for these programs.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?"

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

Table 1 - Net Position

	<u>Governmental Activities</u>		
	2014	2013	Change
Assets			
Current and Other Assets	\$8,757,461	\$8,560,247	\$197,214
Capital Assets	31,358,737	32,670,629	(1,311,892)
Total Assets	<u>40,116,198</u>	<u>41,230,876</u>	<u>(1,114,678)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	65,874	74,109	(8,235)
Liabilities			
Long-Term Liabilities	4,748,425	5,481,832	(733,407)
Other Liabilities	3,802,340	3,803,703	(1,363)
Total Liabilities	<u>8,550,765</u>	<u>9,285,535</u>	<u>(734,770)</u>
Deferred Inflows of Resources			
Property Taxes	2,110,475	2,703,986	(593,511)
Net Position			
Net Investment in Capital Assets	27,941,282	28,556,621	(615,339)
Restricted	1,782,862	1,386,273	396,589
Unrestricted	(203,312)	(627,430)	424,118
Total Net Position	<u>\$29,520,832</u>	<u>\$29,315,464</u>	<u>\$205,368</u>

Total assets decreased \$1,114,678. Current and other assets increased \$197,214 which was due mainly to an increase in intergovernmental receivables in the amount of \$915,765. Intergovernmental receivables increased mainly due to a new Straight A grant. The School District was awarded a Straight A grant in the amount of \$561,615. Increases in intergovernmental receivables were offset by decreases in cash and cash equivalents and property taxes receivable. Cash and cash equivalents decreased in the amount of \$612,258 due to decreases in intergovernmental grant collections during the fiscal year and due to an increase in claims expense. The School District expensed money related to grant programs and as of fiscal year-end was awaiting those reimbursements from grants. This resulted in a decrease in cash and cash equivalents and an increase in intergovernmental grants receivable. Cash and cash equivalents decreased in the internal service program in the amount of \$192,009 due to increases in claims expense during fiscal year 2014. The \$1,311,892 decrease in capital assets was due to current year depreciation expenses exceeding current year equipment purchases.

Total liabilities decreased \$734,770. Long-term liabilities decreased \$733,407 primarily due to the payment of \$215,000 on the School Facilities Improvement General Obligation Serial Bonds, the amortization of \$10,934 for the bond premium for the School Improvement Refunding General Obligation Bonds, and capital lease principal payments in the amount of \$478,854 for the athletic complex, copiers, computers, and chiller. Compensated absences payable decreased in the amount of \$28,619. Deferred inflows of resources for property taxes decreased in the amount of \$593,511 due to the change in the second half collection date by Muskingum County. The second half collection date was historically in August. In 2012 the real property tax billing and collection date was changed to June 29, in 2013 the date was changed to July 5, and in 2014 the date was changed to June 27.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Due to the second half collection date of June 27 in 2014, a larger amount available for the School District as of fiscal year-end 2014 which was recognized as revenue in fiscal year-end 2014 instead of being recorded as deferred inflows of resources for property taxes which resulted in increased property tax revenues for fiscal year 2014. Fiscal year-end 2014 reflects a decrease in the deferred inflows of resources for property taxes due to the increase in the amount available as an advance.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2014 and comparisons to fiscal year 2013.

Table 2 - Changes in Net Position

	Governmental Activities		
	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services	\$4,390,294	\$4,067,719	\$322,575
Operating Grants, Contributions and Interest	4,867,020	4,282,049	584,971
	<u>9,257,314</u>	<u>8,349,768</u>	<u>907,546</u>
General Revenue			
Property Taxes	4,138,573	3,298,567	840,006
Payment in Lieu of Taxes	3,314	3,587	(273)
Grants and Entitlements	11,301,981	10,243,787	1,058,194
Investment Earnings	8,383	22,136	(13,753)
Miscellaneous	193,279	175,520	17,759
	<u>15,645,530</u>	<u>13,743,597</u>	<u>1,901,933</u>
Total Revenues	<u>24,902,844</u>	<u>22,093,365</u>	<u>2,809,479</u>
Program Expenses			
Instruction			
Regular	11,509,273	10,901,386	607,887
Special	3,479,074	2,888,192	590,882
Vocational	109,819	111,922	(2,103)
Intervention	300,136	436,244	(136,108)
Support Services			
Pupils	887,163	726,166	160,997
Instructional Staff	1,048,814	1,626,471	(577,657)
Board of Education	53,119	52,446	673
Administration	1,719,649	1,845,110	(125,461)
Fiscal	466,583	430,158	36,425
Operation and Maintenance of Plant	1,963,918	2,113,783	(149,865)
Pupil Transportation	1,041,516	1,081,795	(40,279)
Central	63,908	74,402	(10,494)
Operation of Non-Instructional Services			
Food Service Operations	1,099,634	1,102,929	(3,295)
Other	15,065	30,601	(15,536)
Extracurricular Activities	753,189	795,269	(42,080)
Interest and Fiscal Charges	186,616	215,820	(29,204)
Total Expenses	<u>24,697,476</u>	<u>24,432,694</u>	<u>264,782</u>
<i>Change in Net Position</i>	205,368	(2,339,329)	2,544,697
Net Position Beginning of Year	<u>29,315,464</u>	<u>31,654,793</u>	<u>(2,339,329)</u>
Net Position End of Year	<u><u>\$29,520,832</u></u>	<u><u>\$29,315,464</u></u>	<u><u>\$205,368</u></u>

The above schedule clearly demonstrates the dependence upon tax revenues and state subsidies for governmental activities. Only 37 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 63 percent is provided through taxes and entitlements.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Net position increased by \$205,368 in fiscal year 2014. Revenues reflect an overall increase in the amount of \$2,809,479. The School District realized an increase in program revenues in the amount of \$907,546 and an increase in general revenues in the amount of \$1,901,933. The \$584,971 increase in operating grants, contributions, and interest is attributed to new grant sources during fiscal year 2014 for the following grants: Straight A grant awarded in the amount of \$561,615; Security Entrance grant awarded in the amount of \$10,000; and 21st Century grant awarded in the amount of \$200,000. These new grant sources were offset by decreases in the following programs: Title I decreased by \$53,345; TIF funding decreased by \$44,245; the Healthy School Leadership Institute grant decreased by \$5,000; and State foundation special education and career tech revenues decreased by \$175,165. The \$322,575 increase in charges for services was the result of increases in charges for services received from the Foxfire High and Foxfire Intermediate Schools due to an increase in student enrollment during fiscal year 2014. The increase in general revenue property taxes, in the amount of \$840,006, was due to the change in the property tax collection dates by Muskingum County as previously mentioned. Due to the second half collection date of June 27, 2014, a larger amount was available as an advance to the School District as of fiscal year-end which was recognized as revenue. For fiscal year 2013, the amount available as an advance was lower due to the slightly later collection date. The increase in general revenue grants and entitlements was the result of increases in State foundation revenues for fiscal year 2014. In total, program expenses from fiscal year 2013 to 2014 increased slightly.

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

Table 3 - Governmental Activities

	2014 Total Cost of Services	2014 Net Cost of Services	2013 Total Cost of Services	2013 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$11,509,273	\$7,111,245	\$10,901,386	\$7,309,906
Special	3,479,074	1,286,979	2,888,192	736,987
Vocational	109,819	96,268	111,922	78,041
Intervention	300,136	250,769	436,244	396,975
Support Services:				
Pupils	887,163	840,620	726,166	721,486
Instructional Staff	1,048,814	586,428	1,626,471	1,083,675
Board of Education	53,119	53,119	52,446	52,446
Administration	1,719,649	1,490,948	1,845,110	1,526,461
Fiscal	466,583	415,864	430,158	376,559
Operation and Maintenance of Plant	1,963,918	1,311,305	2,113,783	1,625,661
Pupil Transportation	1,041,516	1,031,446	1,081,795	1,081,002
Central	63,908	51,330	74,402	67,077
Operation of Non-Instructional Services				
Food Service Operations	1,099,634	150,601	1,102,929	218,678
Other	15,065	(532)	30,601	11,554
Extracurricular Activities	753,189	577,156	795,269	580,598
Interest and Fiscal Charges	186,616	186,616	215,820	215,820
Totals	<u>\$24,697,476</u>	<u>\$15,440,162</u>	<u>\$24,432,694</u>	<u>\$16,082,926</u>

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Instructional programs comprise approximately 62 percent of total governmental program expenses and support services makes up approximately 29 percent of the program expenses of the School District.

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The general fund had \$19,679,682 in revenues and \$19,069,642 in expenditures. The general fund's balance increased \$610,040. The increase is primarily due to an increase in revenues and a decrease in expenditures compared to the prior fiscal year. Property tax revenues increased \$.9 million mainly due to the change in the second half collection dates for Muskingum County as mentioned earlier. The classroom facilities maintenance special revenue fund had \$165,330 in revenues and \$187,823 in expenditures. The classroom facilities maintenance's balance decreased \$22,493 mainly due to payments beginning during fiscal year 2014 for an equipment lease that was entered into during fiscal year 2013. The bond retirement debt service fund had \$386,694 in revenues and \$359,238 in expenditures. Bond retirement's balance increased \$27,456 due to the change in the property tax collection dates.

General Fund Budgetary Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal 2014, the School District amended its general fund original appropriations from \$18,950,001 to final appropriations of \$19,325,000. Final appropriations exceeded final expenditures by \$81,225. Budget basis actual revenue was \$19,012,507 compared to original and final estimates of \$19,149,650.

The \$137,143 difference was due to the over estimation of tuition and fees and the under estimation of intergovernmental and miscellaneous revenues. The School District's ending general fund budgetary balance was \$1,199,758.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$31,358,737 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2014 balances compared to 2013.

Table 4 - Capital Assets at June 30, 2014
(Net of Depreciation)

	<u>Government Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$756,108	\$756,108
Land Improvements	2,958,013	3,126,350
Buildings and Improvements	25,959,204	26,909,868
Furniture and Equipment	1,284,576	1,461,689
Vehicles	400,836	416,614
Totals	<u>\$31,358,737</u>	<u>\$32,670,629</u>

See Note 9 for more detailed information of the School District's capital assets.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Debt

At June 30, 2014, the School District had \$3,483,329 in general obligation bonds and capital leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2014	Governmental Activities 2013
School Facilities Improvement		
General Obligation Bonds		
Serial Bonds - 2000 - 3.80% - 6.35%	\$735,000	\$950,000
School Improvement Refunding		
General Obligation Bonds		
Term Bonds - 2007 - 5.25%	1,580,000	1,580,000
Bond Premium	87,464	98,398
Capital Leases	1,080,865	1,559,719
Totals	\$3,483,329	\$4,188,117

See Note 15 for more detailed information of the School District's debt.

Economic Factors

The School District has experienced difficult financial challenges in fiscal years 2012 and 2013; however, during fiscal year 2014 the School District's net position increased by \$205,368. In fiscal year 2013, the School District completed a new administration and preschool facility on the School District campus without issuing debt and as a result, it is going to take some time for the School District to rebuild cash balances to levels in past years. With the completion of this facility in fiscal year 2013, all the School District services are now located at 3715 Panther Drive. The School District has frozen salaries and steps for all staff; however, classified staff received a \$250 one-time incentive payment from the School District and the certified staff received an incentive payment from the Teacher Incentive Fund grant. Based on the May 2014 Board-adopted five year forecast, the School District is projecting revenues exceeding expenditures fiscal years 2015 through 2016. The Board does not anticipate any layoffs to occur in the upcoming years. As staff retires in the next few years, the Board will not replace those vacated positions unless deemed necessary. The Board of Education and Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

Contacting the School District's Financial Management

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

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Maysville Local School District, Ohio

Statement of Net Position

June 30, 2014

	Primary	Component Units	
	Government	Foxfire	
	Governmental Activities	Intermediate School	Foxfire High School
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,854,478	\$82,375	\$414,310
Cash and Cash Equivalents in Segregated Accounts	2,677	0	0
Accounts Receivable	23,251	0	0
Intergovernmental Receivable	1,599,532	13,986	276,805
Prepaid Items	32,244	0	0
Inventory Held for Resale	6,299	0	5,679
Materials and Supplies Inventory	7,832	0	565
Property Taxes Receivable	4,227,698	0	0
Payment in Lieu of Taxes Receivable	3,450	0	0
Nondepreciable Capital Assets	756,108	0	0
Depreciable Capital Assets, Net	30,602,629	118,850	105,188
<i>Total Assets</i>	<u>40,116,198</u>	<u>215,211</u>	<u>802,547</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	65,874	0	0
Liabilities			
Accounts Payable	119,543	0	7,829
Accrued Wages and Benefits Payable	2,453,191	125,262	185,778
Matured Compensated Absences Payable	12,668	0	0
Accrued Interest Payable	16,395	0	0
Retirement Incentive Payable	20,000	0	0
Vacation Benefits Payable	122,687	3,128	12,047
Intergovernmental Payable	731,856	46,493	28,761
Claims Payable	326,000	0	0
Long-Term Liabilities:			
Due Within One Year	630,037	0	0
Due In More Than One Year	4,118,388	6,111	31,475
<i>Total Liabilities</i>	<u>8,550,765</u>	<u>180,994</u>	<u>265,890</u>
Deferred Inflows of Resources			
Property Taxes	2,110,475	0	0
Net Position			
Net Investment in Capital Assets	27,941,282	118,850	105,188
Restricted for:			
Debt Service	580,236	0	0
Classroom Facilities Maintenance	723,506	0	0
Other Purposes	479,120	0	0
Unrestricted (Deficits)	(203,312)	(84,633)	431,469
<i>Total Net Position</i>	<u>\$29,520,832</u>	<u>\$34,217</u>	<u>\$536,657</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Activities
For the fiscal year ended June 30, 2014

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
Governmental Activities			
Instruction:			
Regular	\$11,509,273	\$3,273,076	\$1,124,952
Special	3,479,074	139,979	2,052,116
Vocational	109,819	0	13,551
Intervention	300,136	0	49,367
Support Services:			
Pupils	887,163	0	46,543
Instructional Staff	1,048,814	0	462,386
Board of Education	53,119	0	0
Administration	1,719,649	0	228,701
Fiscal	466,583	0	50,719
Operation and Maintenance of Plant	1,963,918	561,834	90,779
Pupil Transportation	1,041,516	312	9,758
Central	63,908	0	12,578
Operation of Non-Instructional Services:			
Food Service Operations	1,099,634	230,519	718,514
Other	15,065	11,260	4,337
Extracurricular Activities	753,189	173,314	2,719
Interest and Fiscal Charges	186,616	0	0
<i>Total Primary Government</i>	<u>\$24,697,476</u>	<u>\$4,390,294</u>	<u>\$4,867,020</u>
Component Units			
Foxfire Intermediate School	\$1,328,734	\$974	\$1,200,995
Foxfire High School	2,359,405	16,938	2,115,069
<i>Total Component Units</i>	<u>\$3,688,139</u>	<u>\$17,912</u>	<u>\$3,316,064</u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Classroom Facilities Maintenance

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government	Component Units		
Governmental Activities	Foxfire Intermediate School	Foxfire High School	
(\$7,111,245)	\$0		\$0
(1,286,979)	0		0
(96,268)	0		0
(250,769)	0		0
(840,620)	0		0
(586,428)	0		0
(53,119)	0		0
(1,490,948)	0		0
(415,864)	0		0
(1,311,305)	0		0
(1,031,446)	0		0
(51,330)	0		0
(150,601)	0		0
532	0		0
(577,156)	0		0
(186,616)	0		0
(15,440,162)	0		0
0	(126,765)		0
0	0		(227,398)
0	(126,765)		(227,398)
3,736,051	0		0
328,417	0		0
74,105	0		0
3,314	0		0
11,301,981	115,169		709,354
8,383	201		1,004
193,279	5		4,050
15,645,530	115,375		714,408
205,368	(11,390)		487,010
29,315,464	45,607		49,647
\$29,520,832	\$34,217		\$536,657

Maysville Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	Classroom Facilities Maintenance	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$892,248	\$686,009	\$426,645	\$284,461	\$2,289,363
Cash and Cash Equivalents in Segregated Accounts	0	0	0	2,677	2,677
Accounts Receivable	18,869	0	0	800	19,669
Interfund Receivable	403,901	0	0	0	403,901
Intergovernmental Receivable	524,689	0	0	1,074,843	1,599,532
Prepaid Items	31,512	0	0	732	32,244
Inventory Held for Resale	0	0	0	6,299	6,299
Materials and Supplies Inventory	7,343	0	0	489	7,832
Property Taxes Receivable	3,826,933	72,901	327,864	0	4,227,698
Payment in Lieu of Taxes Receivable	3,218	43	189	0	3,450
<i>Total Assets</i>	<u>\$5,708,713</u>	<u>\$758,953</u>	<u>\$754,698</u>	<u>\$1,370,301</u>	<u>\$8,592,665</u>
Liabilities					
Accounts Payable	\$84,549	\$0	\$0	\$34,994	\$119,543
Accrued Wages and Benefits	1,938,202	0	0	287,513	2,225,715
Matured Compensated Absences Payable	6,845	0	0	5,823	12,668
Interfund Payable	0	0	0	403,901	403,901
Intergovernmental Payable	666,139	586	0	65,131	731,856
<i>Total Liabilities</i>	<u>2,695,735</u>	<u>586</u>	<u>0</u>	<u>797,362</u>	<u>3,493,683</u>
Deferred Inflows of Resources					
Property Taxes	1,917,547	34,861	158,067	0	2,110,475
Unavailable Revenue	867,665	11,514	51,657	597,387	1,528,223
<i>Total Deferred Inflows of Resources</i>	<u>2,785,212</u>	<u>46,375</u>	<u>209,724</u>	<u>597,387</u>	<u>3,638,698</u>
Fund Balances					
Nonspendable	38,855	0	0	1,221	40,076
Restricted	0	711,992	544,974	69,817	1,326,783
Committed	0	0	0	19,219	19,219
Assigned	188,911	0	0	106,261	295,172
Unassigned (Deficit)	0	0	0	(220,966)	(220,966)
Total Fund Balances	<u>227,766</u>	<u>711,992</u>	<u>544,974</u>	<u>(24,448)</u>	<u>1,460,284</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$5,708,713</u>	<u>\$758,953</u>	<u>\$754,698</u>	<u>\$1,370,301</u>	<u>\$8,592,665</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2014*

Total Governmental Fund Balances \$1,460,284

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 31,358,737

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

Property Taxes Receivable	619,471	
Payment in Lieu of Taxes Receivable	3,450	
Grants Receivable	888,534	
Student Fees	<u>16,768</u>	1,528,223

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 15,221

Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds. (16,395)

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

Retirement Incentive Payable	(20,000)	
Vacation Benefits Payable	<u>(122,687)</u>	(142,687)

Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds 65,874

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

General Obligation Bonds Payable	(735,000)	
Refunding General Obligation Bonds Payable	(1,580,000)	
Premium on Refunding Bonds	(87,464)	
Capital Leases Payable	(1,080,865)	
Sick Leave Benefits Payable	<u>(1,265,096)</u>	<u>(4,748,425)</u>

Net Position of Governmental Activities \$29,520,832

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Classroom Facilities Maintenance	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,760,801	\$74,508	\$338,708	\$0	\$4,174,017
Payment in Lieu of Taxes	3,218	43	189	0	3,450
Intergovernmental	12,435,153	90,779	47,797	2,909,388	15,483,117
Interest	0	0	0	8,494	8,494
Tuition and Fees	3,017,687	0	0	237,411	3,255,098
Extracurricular Activities	46,025	0	0	138,304	184,329
Rent	750	0	0	0	750
Charges for Services	215,932	0	0	746,474	962,406
Contributions and Donations	6,837	0	0	7,647	14,484
Miscellaneous	193,279	0	0	0	193,279
<i>Total Revenues</i>	<u>19,679,682</u>	<u>165,330</u>	<u>386,694</u>	<u>4,047,718</u>	<u>24,279,424</u>
Expenditures					
Current:					
Instruction:					
Regular	10,120,195	0	0	849,474	10,969,669
Special	2,097,800	0	0	1,076,601	3,174,401
Vocational	93,298	0	0	0	93,298
Intervention	255,955	0	0	38,653	294,608
Support Services:					
Pupils	809,772	0	0	40,243	850,015
Instructional Staff	510,763	0	0	462,202	972,965
Board of Education	53,119	0	0	0	53,119
Administration	1,457,849	0	0	135,245	1,593,094
Fiscal	417,704	0	7,789	2,810	428,303
Operation and Maintenance of Plant	1,698,486	131,588	0	12,945	1,843,019
Pupil Transportation	999,810	0	0	7,940	1,007,750
Central	52,428	0	0	11,480	63,908
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	927,726	927,726
Other Non-Instructional Services	0	0	0	15,065	15,065
Extracurricular Activities	433,459	0	0	143,104	576,563
Debt Service:					
Principal Retirement	59,085	47,203	215,000	372,566	693,854
Interest and Fiscal Charges	9,919	9,032	136,449	34,157	189,557
<i>Total Expenditures</i>	<u>19,069,642</u>	<u>187,823</u>	<u>359,238</u>	<u>4,130,211</u>	<u>23,746,914</u>
<i>Net Change in Fund Balances</i>	610,040	(22,493)	27,456	(82,493)	532,510
<i>Fund Balances Beginning of Year</i>	<u>(382,274)</u>	<u>734,485</u>	<u>517,518</u>	<u>58,045</u>	<u>927,774</u>
<i>Fund Balances End of Year (Deficit)</i>	<u>\$227,766</u>	<u>\$711,992</u>	<u>\$544,974</u>	<u>(\$24,448)</u>	<u>\$1,460,284</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds		\$532,510
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	149,574	
Depreciation Expense	(1,461,466)	(1,311,892)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Payment in Lieu of Taxes	(136)	
Student Fees	(6,283)	
Intergovernmental	671,289	
Delinquent Taxes	(35,444)	
Extracurricular Activities	(6,006)	623,420
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Refunding General Obligation Bonds Payable	215,000	
Capital Leases Payable	478,854	693,854
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		242
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Benefits Payable	(11,300)	
Sick Leave Benefits Payable	28,619	17,319
The amortization of premiums are reported on the statement of activities.		
		10,934
Deferred outflows of resources represent the amortization of deferred charges on refunding which are not reported in the funds.		
		(8,235)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(352,784)
<i>Change in Net Position of Governmental Activities</i>		\$205,368
See accompanying notes to the basic financial statements		

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$3,237,782	\$3,237,782	\$3,250,597	\$12,815
Payment in Lieu of Taxes	3,218	3,218	3,218	0
Intergovernmental	12,288,974	12,288,974	12,315,731	26,757
Tuition and Fees	3,291,000	3,291,000	3,018,302	(272,698)
Rent	53	53	750	697
Charges for Services	200,000	200,000	215,932	15,932
Contributions and Donations	2,282	2,282	6,837	4,555
Miscellaneous	126,341	126,341	201,140	74,799
<i>Total Revenues</i>	<u>19,149,650</u>	<u>19,149,650</u>	<u>19,012,507</u>	<u>(137,143)</u>
Expenditures				
Current:				
Instruction:				
Regular	8,806,948	8,963,713	9,050,386	(86,673)
Special	1,961,443	1,961,443	2,081,550	(120,107)
Vocational	97,610	97,610	92,085	5,525
Student Intervention Services	498,770	498,770	293,304	205,466
Other	1,159,914	1,374,914	1,359,805	15,109
Support Services:				
Pupils	732,400	732,400	807,774	(75,374)
Instructional Staff	469,431	472,665	460,156	12,509
Board of Education	46,645	46,645	53,175	(6,530)
Administration	1,539,910	1,539,910	1,483,095	56,815
Fiscal	409,400	409,400	419,552	(10,152)
Operation and Maintenance of Plant	1,711,550	1,711,550	1,702,850	8,700
Pupil Transportation	1,103,680	1,103,680	999,570	104,110
Central	35,000	35,000	51,939	(16,939)
Extracurricular Activities	377,300	377,300	388,534	(11,234)
<i>Total Expenditures</i>	<u>18,950,001</u>	<u>19,325,000</u>	<u>19,243,775</u>	<u>81,225</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	199,649	(175,350)	(231,268)	(55,918)
<i>Fund Balance Beginning of Year</i>	1,384,715	1,384,715	1,384,715	0
Prior Year Encumbrances Appropriated	46,311	46,311	46,311	0
<i>Fund Balance End of Year</i>	<u>\$1,630,675</u>	<u>\$1,255,676</u>	<u>\$1,199,758</u>	<u>(\$55,918)</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$63,506	\$63,506	\$64,313	\$807
Payment in Lieu of Taxes	43	43	43	0
Intergovernmental	76,901	76,901	90,779	13,878
<i>Total Revenues</i>	<u>140,450</u>	<u>140,450</u>	<u>155,135</u>	<u>14,685</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	113,562	213,562	197,440	16,122
<i>Net Change in Fund Balance</i>	26,888	(73,112)	(42,305)	30,807
<i>Fund Balance Beginning of Year</i>	714,752	714,752	714,752	0
Prior Year Encumbrances Appropriated	13,562	13,562	13,562	0
<i>Fund Balance End of Year</i>	<u>\$755,202</u>	<u>\$655,202</u>	<u>\$686,009</u>	<u>\$30,807</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fund Net Position

Internal Service Fund

June 30, 2014

	<u>Self- Insurance</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$565,115
Accounts Receivable	3,582
	<hr/>
<i>Total Assets</i>	<i>568,697</i>
	<hr/>
Current Liabilities	
Unearned Revenue	227,476
Claims Payable	326,000
	<hr/>
<i>Total Liabilities</i>	<i>553,476</i>
	<hr/>
Net Position	
Unrestricted	\$15,221
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2014

	Self- Insurance
Operating Revenues	
Charges for Services	\$3,337,180
Operating Expenses	
Purchased Services	359,789
Claims	3,330,175
<i>Total Operating Expenses</i>	3,689,964
<i>Operating Loss</i>	(352,784)
<i>Net Position at Beginning of Year</i>	368,005
<i>Net Position at End of Year</i>	\$15,221

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2014

	<u>Self- Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$3,354,955
Cash Payments for Services	(359,789)
Cash Payments for Claims	<u>(3,187,175)</u>
<i>Net Cash Used for Operating Activities</i>	(192,009)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>757,124</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$565,115</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$352,784)
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(320)
Increase in Unearned Revenue	18,095
Increase in Claims Payable	<u>143,000</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$192,009)</u></u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$46,363</u>
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Liabilities

Due to Students	<u>\$46,363</u>
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See accompanying notes to the basic financial statements

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Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County, and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. It is staffed by 103 classified employees, 145 certificated full-time teaching personnel, and 14 administrative employees who provide services to 2,339 students (includes preschool and open enrollment students) and other community members. The School District currently operates two instructional buildings, one administrative/preschool building, and one garage.

Reporting Entity:

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

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

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are the Licking Area Computer Association, Mid-East Career and Technology Centers, Coalition of Rural and Appalachian Schools, the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program, and the Ohio School Benefits Cooperative. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation

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

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

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

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

B. Fund Accounting

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

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

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

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

C. Measurement Focus

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned revenue represents amounts under the accrual and modified 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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Cash and Cash Equivalents

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the Permanent Improvement Capital Projects Fund during fiscal year 2014 amounted to \$8,494, which includes \$8,065 assigned from other School District funds.

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

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

H. Capital Assets

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

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

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

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

I. Internal Activity

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

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

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either eternally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. See Note 20 for additional information regarding set asides.

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Fund Balance

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

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

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

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the School District’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District’s Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in 2014’s appropriated budget.

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

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

N. Net Position

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

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

O. Extraordinary and Special Items

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

P. Estimates

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

Q. Budgetary Data

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

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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R. Bond Premiums

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

S. Deferred Charge on Refunding

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

NOTE 3 – ACCOUNTABILITY

The following funds had a deficit fund balances at June 30, 2014.

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds:</u>	
Preschool	(\$19,509)
Race to the Top	(18,955)
Title VI-B	(42,885)
Title I	(47,206)
Latchkey	(8,240)
Title VI-R	(84,171)

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

NOTE 4 – FUND BALANCES

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fund Balances	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Prepays	\$31,512	\$0	\$0	\$732	\$32,244
Materials and Supplies					
Inventory	7,343	0	0	489	7,832
<i>Total Nonspendable</i>	<u>38,855</u>	<u>0</u>	<u>0</u>	<u>1,221</u>	<u>40,076</u>
<u>Restricted for:</u>					
Food Service Operations	0	0	0	24,275	24,275
Athletics and Music	0	0	0	32,652	32,652
Federal Grants	0	0	0	12,890	12,890
Classroom Facilities	0	711,992	0	0	711,992
Debt Service Payments	0	0	544,974	0	544,974
<i>Total Restricted</i>	<u>0</u>	<u>711,992</u>	<u>544,974</u>	<u>69,817</u>	<u>1,326,783</u>
<u>Committed to:</u>					
Scholarships	0	0	0	19,219	19,219
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,219</u>	<u>19,219</u>
<u>Assigned to:</u>					
Public School Support	21,561	0	0	0	21,561
Purchases on Order	15,149	0	0	0	15,149
Assigned to Subsequent					
Year's Appropriations	152,201	0	0	0	152,201
Capital Improvements	0	0	0	106,261	106,261
<i>Total Assigned</i>	<u>188,911</u>	<u>0</u>	<u>0</u>	<u>106,261</u>	<u>295,172</u>
Unassigned:	0	0	0	(220,966)	(220,966)
<i>Total Fund Balances</i>	<u>\$227,766</u>	<u>\$711,992</u>	<u>\$544,974</u>	<u>(\$24,448)</u>	<u>\$1,460,284</u>

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

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

	Net Change in Fund Balance	
	General	Classroom Facilities Maintenance
GAAP Basis	\$610,040	(\$22,493)
Net Adjustment for Revenue Accruals	(961,921)	(10,195)
Net Adjustment for Expenditure Accruals	(135,998)	(11,642)
Beginning:		
Unrecorded Cash	937	0
Prepaid Items	27,026	2,025
Negative Cash Advances	(63,087)	0
Ending:		
Unrecorded Cash	(980)	0
Prepaid Items	(31,512)	0
Negative Cash Advances	403,901	0
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(5,474)	0
Adjustment for Encumbrances	(74,200)	0
Budget Basis	(\$231,268)	(\$42,305)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations describe in division (1) or (2) above;
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,833,133 of the School District's bank balance of \$3,085,810 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments: As of June 30, 2014, the School District had no investments.

Maysville Local School District, Ohio
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Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District had no investments as of June 30, 2014.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property (used in business) located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Muskingum County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources for property taxes.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The amount available as an advance at June 30, 2014, was \$1,497,752. \$1,352,854 was available to the General Fund, \$118,329 was available to the Bond Retirement Debt Service Fund, and \$26,569 was available to the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2013, was \$943,695. \$842,650 was available to the General Fund, \$84,671 was available to the Bond Retirement Debt Service Fund, and \$16,374 was available to the Classroom Facilities Maintenance Special Revenue Fund. During fiscal year 2014, Muskingum County changed their second half collection date to a June 27 collection date.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$159,005,990	95.34%	\$160,385,000	95.10%
Public Utility Personal	7,767,400	4.66%	8,257,120	4.90%
Total Assessed Value	\$166,773,390	100.00%	\$168,642,120	100.00%
Tax rate per \$1,000 of assessed valuation	\$40.15		\$39.85	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2014, consisted of property taxes, payment in lieu of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes and payment in lieu of taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$619,471 as of June 30, 2014.

Maysville Local School District, Ohio
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A summary of principal items of intergovernmental receivables follows:

	Amounts
<u>Governmental Activities</u>	
Medicaid Reimbursements	\$5,833
E-Rate Monies	291,147
Catastrophic Cost Reimbursement	102,444
School Employees Retirement System Refund	125,265
Preschool Grant	8,234
Straight A Grant	540,737
Race to the Top Grant	79,338
Title VI-B Grant	114,570
Title I Grant	144,654
Title II-A Grant	16,429
Teacher Incentive Fund Grant	43,746
21st Century Grant	126,585
Latchkey Services Refund	550
Total	\$1,599,532

On May 4, 2006, Muskingum County entered into an Enterprise Zone Compensation Agreement with Coconis Furniture, Inc. for the purpose of acquiring land, constructing a new distribution center, purchasing machinery and equipment, furniture and fixtures, and acquiring inventory. To encourage these improvements, the property owner was granted a 100 percent exemption from paying real and personal property taxes on the new construction; however, the property owner is required to make payment in lieu of taxes. The School District has agreed to this project and was being made whole for lost real and personal property taxes by receiving payments in lieu of taxes in an amount equal to the real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreement. Subsequent to the phase out of tangible personal property taxes, the School District will continue to receive payments in lieu of taxes in an amount equal to real property taxes that otherwise would have been due each year. The property owner makes payment in lieu of taxes to Muskingum County which is distributed to the School District. These payments are being used to finance improvements and will continue over ten years.

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Maysville Local School District, Ohio
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	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Nondepreciable Capital Assets				
Land	\$756,108	\$0	\$0	\$756,108
Construction in Progress	0	0	0	0
Total Capital Assets not being depreciated	<u>756,108</u>	<u>0</u>	<u>0</u>	<u>756,108</u>
Depreciable Capital Assets				
Land Improvements	4,587,978	0	0	4,587,978
Buildings and Improvements	38,719,223	0	0	38,719,223
Furniture and Equipment	4,636,870	64,001	0	4,700,871
Vehicles	1,422,757	85,573	0	1,508,330
Total at Historical Cost	<u>49,366,828</u>	<u>149,574</u>	<u>0</u>	<u>49,516,402</u>
Less Accumulated Depreciation				
Land Improvements	(1,461,628)	(168,337)	0	(1,629,965)
Buildings and Improvements	(11,809,355)	(950,664)	0	(12,760,019)
Furniture and Equipment	(3,175,181)	(241,114)	0	(3,416,295)
Vehicles	(1,006,143)	(101,351)	0	(1,107,494)
Total Accumulated Depreciation	<u>(17,452,307)</u>	<u>(1,461,466) *</u>	<u>0</u>	<u>(18,913,773)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>31,914,521</u>	<u>(1,311,892)</u>	<u>0</u>	<u>30,602,629</u>
Governmental Activities Capital Assets, Net	<u>\$32,670,629</u>	<u>(\$1,311,892)</u>	<u>\$0</u>	<u>\$31,358,737</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$480,305
Special	240,134
Vocational	15,429
Support Services:	
Pupils	25,147
Instructional Staff	19,551
Administration	113,366
Fiscal	26,145
Operation and Maintenance	95,091
Pupil Transportation	101,351
Extracurricular	174,741
Food Service Operations	<u>170,206</u>
Total Depreciation Expense	<u>\$1,461,466</u>

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted with the Young Insurance Agency Incorporated, through Ohio Casualty Group, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, fleet insurance, and builder's risk insurance. Coverage provided is as follows:

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Building and Contents-replacement cost (\$5,000 deductible)	\$73,653,220
Employee Benefit Liability (\$1,000 deductible)	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Employers Liability	1,000,000
Employers Liability Aggregate	2,000,000
Fleet Insurance (\$1,000 deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Per Year	2,000,000
Medical Expense Per Person	15,000

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

For fiscal year 2014, the School District participated in the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to members that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

Medical, dental, and vision insurance is offered to employees through a Self-Insurance Internal Service Fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$326,000 reported in the Internal Service Fund at June 30, 2014, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased an aggregate stop-loss coverage policy in the amount of \$100,000 annually.

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

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current</u> <u>Year Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2013	\$200,000	\$2,911,378	\$2,928,378	\$183,000
2014	183,000	3,330,175	3,187,175	326,000

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

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SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers / Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$360,542, \$359,740, and \$341,103, respectively. For fiscal year 2014, 78.12 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

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

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

Maysville Local School District, Ohio
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Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan for fiscal years ended June 30, 2014, 2013, and 2012, were \$1,155,696, \$1,246,910, and \$1,253,882, respectively. The School District's required contributions for the defined benefit portion of the Combined Plan for fiscal years ended June 30, 2014, 2013, and 2012, were \$27,513, \$25,611, and \$22,996, respectively. For the defined contribution portion of the Combined Plan for fiscal years ended June 30, 2014, and 2013, member contributions were \$21,617 and \$18,294, respectively. For fiscal year 2014, 83.59 percent has been contributed for the DB plan and 83.59 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$19,462 made by the School District and \$15,291 made by the plan members.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$45,246 in surcharge.

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

Maysville Local School District, Ohio
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The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$50,240, \$47,465, and \$62,379, respectively. For fiscal year 2014, 5.76 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$21,033, \$20,142, and \$19,818, respectively. For fiscal year 2014, 78.12 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$92,513, \$99,228, and \$99,088, respectively. For fiscal year 2014, 84.59 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board of Directors voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

Maysville Local School District, Ohio
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C. Retirement Incentive

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

During fiscal year 2014, the School District paid \$20,000 in retirement incentives that were accrued as liabilities at June 30, 2013. At June 30, 2014, \$20,000 in retirement incentives was accrued as a liability to be paid in fiscal year 2015.

NOTE 14 – CAPITALIZED LEASES

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

The agreements provide for minimum annual rental payments as follows:

Year	Principal	Interest	Total
2015	\$286,197	\$42,674	\$328,871
2016	296,634	32,234	328,868
2017	258,850	41,818	300,668
2018	239,184	13,484	252,668
Total	\$1,080,865	\$130,210	\$1,211,075

The equipment and athletic facility were originally capitalized in the amount of \$2,243,392. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2014 totaled \$478,854 in the governmental funds.

Property under Capital Lease	\$2,243,392
Less: Accumulated Depreciation	(371,902)
Total June 30, 2014	\$1,871,490

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/2013	Additions	Deductions	Principal Outstanding 6/30/2014	Due in One Year
School Facilities Improvement General Obligation Bonds					
Serial Bonds - 2000 - 3.80%-6.35%	\$950,000	\$0	\$215,000	\$735,000	\$230,000
School Improvement Refunding General Obligation Bonds					
Term Bonds - 2007 - 5.25%	1,580,000	0	0	1,580,000	0
Bond Premium	98,398	0	10,934	87,464	0
Total Long-Term Bonds	<u>2,628,398</u>	<u>0</u>	<u>225,934</u>	<u>2,402,464</u>	<u>230,000</u>
Capital Leases	1,559,719	0	478,854	1,080,865	286,197
Compensated Absences Payable	<u>1,293,715</u>	<u>81,182</u>	<u>109,801</u>	<u>1,265,096</u>	<u>113,840</u>
Total General Long-Term Obligations	<u><u>\$5,481,832</u></u>	<u><u>\$81,182</u></u>	<u><u>\$814,589</u></u>	<u><u>\$4,748,425</u></u>	<u><u>\$630,037</u></u>

2000 School Facilities General Obligation Bonds - On September 1, 1999, the School District issued \$4,732,000 in variable interest rate School Facilities Improvement Bonds. The bond proceeds represented the local share for the School District's construction of a new school campus which will house all students pursuant to the approval of a \$32,022,957 school facilities grant through the Ohio School Facilities Commission. The bond issue included serial and term bonds in the amount of \$3,137,000 and \$1,595,000 respectively. During fiscal year 2007, the School District advance refunded \$585,000 of the serial bonds, and \$1,595,000 of the term bonds. The advance refunded portion of the bonds was removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the debt service fund. The original bonds were issued for a twenty-three period with a final maturity at December 1, 2022, and after the advance refunding continue to have a final maturity at December 1, 2022.

Principal and interest requirements to retire general obligation bonds for the outstanding 2000 School Facilities Improvement Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2015	\$230,000	\$39,370
2016	245,000	24,289
2017	260,000	8,255
Total	<u><u>\$735,000</u></u>	<u><u>\$71,914</u></u>

2007 School Improvement Refunding General Obligation Bonds – The School District had previously issued 2000 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2007 School Improvement Refunding General Obligation Bonds. At the date of refunding, \$2,311,754 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities Improvement General Obligation Bonds.

Maysville Local School District, Ohio
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As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. On December 1, 2009, the 2007 school improvement refunding general obligation bonds were called and paid in full and the escrow account was closed.

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

Principal and interest requirements to the 2007 School Improvement Refunding General Obligation Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2015	\$0	\$82,950
2016	0	82,950
2017	0	82,950
2018	285,000	75,469
2019	300,000	60,113
2020-2022	995,000	80,718
Total	<u>\$1,580,000</u>	<u>\$465,150</u>

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

The School District's overall legal debt margin was \$13,407,765 with an unvoted debt margin of \$168,642 at June 30, 2014.

NOTE 16 - INTERFUND ACTIVITY

Interfund balances at June 30, 2014, consist of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
Major Fund:		
General Fund	<u>\$403,901</u>	<u>\$0</u>
Other Nonmajor Governmental Funds:		
Total Other Nonmajor Governmental Funds	<u>0</u>	<u>403,901</u>
Total All Funds	<u>\$403,901</u>	<u>\$403,901</u>

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

NOTE 17- JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services over thirty entities within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, and Medina Counties. These entities consist of public school districts and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The School District's total payments to LACA for computer services for fiscal year 2014 were \$107,522. The fiscal agent for LACA is the Career and Technology Education Centers of Licking County. Financial statements for LACA can be obtained from 145 North Quentin Road, Newark, OH 43055.

B. Mid-East Career and Technology Centers

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2014, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Rick White, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2014, the School District made a payment of \$325 to the Coalition for a membership fee and \$90 for meeting fees. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 18 - INSURANCE PURCHASING POOLS

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

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

B. Ohio School Benefits Cooperative

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

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

NOTE 19 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	388,015
Current Year Offsets	(380,484)
Qualifying Disbursements	(152,310)
Total	(\$144,779)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

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

NOTE 21 – SIGNIFICANT COMMITMENTS

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

Governmental Funds:	
General Fund	\$74,200
Nonmajor Governmental Funds	182,142
Total Governmental Funds	256,342
Proprietary Funds:	
Internal Service Fund	2,500
Total	\$258,842

NOTE 22 – FOXFIRE INTERMEDIATE SCHOOL AND FOXFIRE HIGH SCHOOL COMPONENT UNITS

A. Basis of Presentation

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

B. Capital Assets

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

The Foxfire Intermediate School's capital assets consisted of equipment valued at \$188,618 with accumulated depreciation of \$69,768 and a remaining book value of \$118,850.

The Foxfire High School's capital assets consisted of equipment valued at \$137,467 with accumulated depreciation of \$32,279 and a remaining book value of \$105,188.

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**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	2013/2014	10.555	\$ 72,753	\$ 72,753
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	179,416	179,416
National School Lunch Program	2013/2014	10.555	483,446	483,446
Cash Assistance Subtotal			<u>662,862</u>	<u>662,862</u>
Total Child Nutrition Cluster			<u>735,615</u>	<u>735,615</u>
Total U.S. Department of Agriculture			735,615	735,615
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2013	84.010	124,331	121,387
	2014		412,506	439,924
Total Title I Grants to Local Educational Agencies			<u>536,837</u>	<u>561,311</u>
Special Education Cluster:				
Special Education Grants to States	2013	84.027	75,534	73,233
	2014		333,034	361,481
Total Special Education Grants to States			<u>408,568</u>	<u>434,714</u>
Special Education Preschool Grants	2014	84.173	5,435	5,435
Total Special Education Cluster			414,003	440,149
Twenty-First Century Community Learning Centers	2014	84.287	73,415	135,935
Rural Education	2014	84.358	38,653	38,653
Improving Teacher Quality State Grants	2013	84.367	16,604	16,260
	2014		65,771	66,989
Total Improving Teacher Quality State Grants			<u>82,375</u>	<u>83,249</u>
Teacher Incentive Fund (TIF) Cluster:				
Teacher Incentive Fund	2013	84.374	36,725	16,111
Ohio TIF Supplemental Award	2013		4,779	4,779
Teacher Incentive Fund	2014		40,027	66,619
Teacher Incentive Fund - Payouts	2014		321,600	321,600
Ohio TIF Supplemental Award	2014		6,612	6,786
Total Teacher Incentive Fund			409,743	415,895
ARRA - Teacher Incentive Fund (TIF), Recovery Act				
Ohio TIF Assessment Literacy	2014	84.385	31,631	54,322
Total Teacher Incentive Fund Cluster			441,374	470,217
ARRA - Race-to-the-Top Incentive Grants, Recovery Act				
Race to the Top Mini Grant	2013	84.395	1,752	
Race to the Top	2013		10,429	
Race to the Top, Year 3	2013		23,791	2,411
OAC Race to the Top, Year 4	2014		84,441	124,945
Race to the Top, Year 4	2014		53,616	54,570
Early College High School	2014		167,242	187,250
Entry Year	2014		1,400	1,400
Total ARRA - Race-to-the-Top Incentive Grants, Recovery Act			<u>342,671</u>	<u>370,576</u>
Total U.S. Department of Education			<u>1,929,328</u>	<u>2,100,090</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 2,664,943</u>	<u>\$ 2,835,705</u>

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

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 16, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 16, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Maysville Local School District's, Muskingum County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dave Yost
Auditor of State

Columbus, Ohio

March 16, 2015

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Child Nutrition Cluster – CDFA #10.553 and 10.555 • Special Education Grants to States – CFDA #84.027 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

MAYSVILLE LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2015**