



Dave Yost • Auditor of State

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY
JUNE 30, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	18
Reconciliation of the Governmental Fund Balance Sheet to Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund.....	22
Statement of Fund Net Position	
Internal Service Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Fund	24
Statement of Cash Flows	
Internal Service Fund	25
Statement of Fiduciary Assets and Liabilities Agency Funds.....	26
Notes to the Basic Financial Statements.....	27

MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY
JUNE 30, 2017

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability:	
School Employees Retirement System of Ohio – Last Four Fiscal Years	70
State Teachers Retirement System of Ohio – Last Four Fiscal Years	71
Schedule of the School District's Contributions:	
School Employees Retirement System of Ohio – Last Ten Fiscal Years.....	72
State Teachers Retirement System of Ohio – Last Ten Fiscal Years	74
Notes to Required Supplementary Information	76
Schedule of Receipts and Expenditures of Federal Awards	77
Notes to the Schedule of Receipts and Expenditures of Federal Awards	78
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	79
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	81
Schedule of Findings.....	83



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 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, 2017, 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 such 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 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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* and Schedules of Net Pension Liabilities and Pension Contributions 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 Receipts and Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is 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 6, 2018, 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 6, 2018

This page intentionally left blank.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
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, 2017. 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 2017 are as follows:

- Net position of governmental activities decreased \$1,211,460.
- General revenues accounted for \$15,767,714 in revenue or 63 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$9,249,302, 37 percent of total revenues of \$25,017,016.
- The School District had \$26,228,476 in expenses related to governmental activities; only \$9,249,302 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$15,767,714 were not adequate to provide for these programs.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" 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.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

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 12. 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 and the Bond Retirement Debt Service Fund.

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

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

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2017 compared to 2016.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 1 - Net Position

	Governmental Activities		
	2017	2016	Change
Assets			
Current and Other Assets	\$10,770,065	\$9,389,953	\$1,380,112
Capital Assets	27,901,320	29,172,527	(1,271,207)
<i>Total Assets</i>	<u>38,671,385</u>	<u>38,562,480</u>	<u>108,905</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	41,169	49,404	(8,235)
Pension	6,670,845	2,974,732	3,696,113
<i>Total Deferred Outflows of Resources</i>	<u>6,712,014</u>	<u>3,024,136</u>	<u>3,687,878</u>
Liabilities			
Current and Other Liabilities	3,341,236	3,424,678	(83,442)
Long-Term Liabilities:			
Due Within One Year	458,569	467,781	(9,212)
Net Pension Liability	36,015,060	29,159,622	6,855,438
Other Amounts Due in More Than One Year	2,946,126	3,240,436	(294,310)
<i>Total Liabilities</i>	<u>42,760,991</u>	<u>36,292,517</u>	<u>6,468,474</u>
Deferred Inflows of Resources			
Property Taxes	2,761,332	2,078,407	682,925
Pension	779,285	2,922,441	(2,143,156)
<i>Total Deferred Inflows of Resources</i>	<u>3,540,617</u>	<u>5,000,848</u>	<u>(1,460,231)</u>
Net Position			
Net Investment in Capital Assets	25,861,862	26,787,844	(925,982)
Restricted	1,227,876	1,164,604	63,272
Unrestricted (Deficits)	(28,007,947)	(27,659,197)	(348,750)
Total Net Position	<u>(\$918,209)</u>	<u>\$293,251</u>	<u>(\$1,211,460)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Total assets increased \$108,905. Current and other assets increased \$1,380,112 which was due mainly to an increase in cash and cash equivalents in the amount of \$1,426,542. Cash and cash equivalents increased mainly due to the full repayment of the athletic facility lease during fiscal year 2016 which resulted in a savings of \$347,308 in fiscal year 2017 and due to the School District receiving an increase in the area of economic disadvantaged funding from the State in the amount of \$1,118,353. The \$1,271,207 decrease in capital assets was mainly due to current year depreciation expenses exceeding current year capital asset purchases. Current year depreciation was in the amount of \$1,439,260 while purchases of capital assets were \$169,518.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Total liabilities increased \$6,468,474. The main reason for the increase is due to an increase in the net pension liability in the amount of \$6,855,438. Current and other liabilities remained fairly consistent from fiscal year 2016 to 2017, reflecting a slight decrease in the amount of \$83,442 due to decreases in various areas. Intergovernmental payables decreased in the amount of \$62,617, vacation benefits payable decreased in the amount of \$27,587, and accounts payable decreased in the amount of \$20,396. These decreases in current and other liabilities were offset by an increase in accrued wages and benefits payable in the amount of \$18,996 and an increase in matured compensated absences payable in the \$11,946. Intergovernmental payables decreased due mainly to a decrease in fiscal year 2017 State foundation adjustments. Fiscal year 2017 State Foundation intergovernmental payable adjustments were \$87,451 less than fiscal year 2016 adjustments. This decrease in intergovernmental payables was offset by a \$25,748 increase in the amount owed to SERS and STRS for employees at fiscal year-end 2017. Long-term liabilities for due within one year and other amounts due in more than one year decreased a total of \$303,522 primarily due to the payment of \$260,000 on the School Facilities Improvement General Obligation Serial Bonds, the amortization of \$10,933 for the bond premium for the School Improvement Refunding General Obligation Bonds, and capital lease principal payments in the amount of \$196,156 for the copiers, computer equipment, buses, and a chiller. During fiscal year 2017, the School District paid in full the capital leases for copier equipment; however, the School District entered into a new copier lease during fiscal year 2017. The new copier equipment had an inception of capital lease value in the amount of \$101,269. Compensated absences payable increased in the amount of \$62,298.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2017 and comparisons to fiscal year 2016.

This space intentionally left blank.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 2 - Changes in Net Position

	Governmental Activities		
	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services	\$4,736,447	\$4,669,092	\$67,355
Operating Grants, Contributions, and Interest	4,512,855	4,807,936	(295,081)
<i>Total Program Revenues</i>	<u>9,249,302</u>	<u>9,477,028</u>	<u>(227,726)</u>
General Revenues			
Property Taxes	3,114,560	3,784,512	(669,952)
Payment in Lieu of Taxes	0	2,850	(2,850)
Grants and Entitlements	12,436,737	11,542,358	894,379
Investment Earnings	21,310	9,771	11,539
Gain on Sale of Capital Assets	35	13,776	(13,741)
Miscellaneous	195,072	289,817	(94,745)
<i>Total General Revenues</i>	<u>15,767,714</u>	<u>15,643,084</u>	<u>124,630</u>
<i>Total Revenues</i>	<u>25,017,016</u>	<u>25,120,112</u>	<u>(103,096)</u>
Program Expenses			
Instruction			
Regular	12,244,809	10,978,673	1,266,136
Special	3,630,682	3,462,814	167,868
Vocational	212,127	186,187	25,940
Intervention	425,041	367,557	57,484
Support Services			
Pupils	1,023,838	892,905	130,933
Instructional Staff	394,167	720,895	(326,728)
Board of Education	92,073	53,777	38,296
Administration	2,245,982	1,970,972	275,010
Fiscal	484,922	451,367	33,555
Operation and Maintenance of Plant	2,121,990	2,303,696	(181,706)
Pupil Transportation	1,115,731	1,084,028	31,703
Central	70,689	72,297	(1,608)
Operation of Non-Instructional Services			
Food Service Operations	1,314,315	1,239,430	74,885
Other	13,457	10,929	2,528
Extracurricular Activities	734,217	789,351	(55,134)
Interest and Fiscal Charges	104,436	128,463	(24,027)
<i>Total Expenses</i>	<u>26,228,476</u>	<u>24,713,341</u>	<u>1,515,135</u>
<i>Change in Net Position</i>	(1,211,460)	406,771	(1,618,231)
Net Position Beginning of Year	<u>293,251</u>	<u>(113,520)</u>	<u>406,771</u>
Net Position End of Year	<u>(\$918,209)</u>	<u>\$293,251</u>	<u>(\$1,211,460)</u>

The changes in net position 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, 2017
Unaudited

Net position decreased by \$1,211,460 in fiscal year 2017. Overall revenues reflect a slight decrease in the amount of \$103,096. Program revenues decreased in the amount of \$227,726 and general revenues increased in the amount of \$124,630. The \$295,081 decrease in operating grants, contributions, and interest was mainly due to the discontinuation of the Teacher Incentive Fund grant in fiscal year 2017. The decrease in general revenue property taxes, in the amount of \$669,952, was due mainly to the change in collection dates set by the Muskingum County Auditor. The increase in general revenue grants and entitlements in the amount of \$894,379 was the result of increases in State foundation revenues for fiscal year 2017 in the area of economic disadvantaged funding.

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

	2017 Total Cost of Services	2017 Net Cost of Services	2016 Total Cost of Services	2016 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$12,244,809	\$8,106,403	\$10,978,673	\$6,945,044
Special	3,630,682	938,889	3,462,814	634,832
Vocational	212,127	178,427	186,187	168,344
Intervention	425,041	376,069	367,557	325,236
Support Services:				
Pupils	1,023,838	978,152	892,905	887,843
Instructional Staff	394,167	295,482	720,895	307,953
Board of Education	92,073	92,073	53,777	53,777
Administration	2,245,982	2,193,159	1,970,972	1,915,880
Fiscal	484,922	436,971	451,367	405,303
Operation and Maintenance of Plant	2,121,990	1,426,237	2,303,696	1,723,897
Pupil Transportation	1,115,731	1,099,989	1,084,028	1,072,566
Central	70,689	59,902	72,297	61,576
Operation of Non-Instructional Services				
Food Service Operations	1,314,315	144,764	1,239,430	41,799
Other	13,457	4,326	10,929	(5,051)
Extracurricular Activities	734,217	543,895	789,351	568,851
Interest and Fiscal Charges	104,436	104,436	128,463	128,463
Totals	<u>\$26,228,476</u>	<u>\$16,979,174</u>	<u>\$24,713,341</u>	<u>\$15,236,313</u>

Instructional programs comprise approximately 63 percent of total governmental program expenses and support services are approximately 29 percent of program expenses. The other remaining expenses were in the areas of other non-instructional expenses at 5 percent, and extracurricular activities and interest and fiscal charges at 3 percent of the program expenses of the School District.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The general fund had \$20,653,163 in revenues, \$20,436,651 in expenditures, and \$102,769 in other financial sources. The general fund's balance increased \$319,281. The increase is primarily due to revenues exceeding expenditures due to the School District receiving additional State foundation funds in the area of the economic disadvantaged funding program.

The bond retirement debt service fund had \$335,660 in revenues and \$359,262 in expenditures. Bond retirement's balance decreased \$23,602.

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 2017, the School District amended its general fund original appropriations from \$20,075,628 to final appropriations of \$20,633,745. Final appropriations exceeded final expenditures by \$100,915. Budget basis actual revenue was \$21,223,657 compared to an original estimate of \$20,417,350 and a final estimate of \$21,063,467. The \$160,190 difference between final estimates and actual revenue was primarily due to miscellaneous revenues exceeding anticipated amounts due to the refund from SERS in the amount of \$110,620. The School District's ending general fund budgetary balance was \$3,297,778.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$27,901,320 invested in land, land improvements, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

Table 4 - Capital Assets at June 30, 2017
(Net of Depreciation)

	Government Activities	
	2017	2016
Land	\$756,108	\$756,108
Land Improvements	2,481,326	2,626,441
Buildings and Improvements	23,130,790	24,082,281
Furniture and Equipment	910,086	969,882
Vehicles	623,010	737,815
Totals	\$27,901,320	\$29,172,527

See Note 10 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, 2017
Unaudited

Debt

At June 30, 2017, the School District had \$2,068,267 in general obligation bonds (including the bond premium) and capital leases outstanding.

Table 5 - Outstanding Debt, at Fiscal Year End

	Governmental Activities 2017	Governmental Activities 2016
School Facilities Improvement		
General Obligation Bonds		
Serial Bonds - 2000 - 3.80% - 6.35%	\$0	\$260,000
School Improvement Refunding		
General Obligation Bonds		
Term Bonds - 2007 - 5.25%	1,580,000	1,580,000
Bond Premium	54,665	65,598
Capital Leases	433,602	528,489
Totals	\$2,068,267	\$2,434,087

See Note 16 for more detailed information of the School District's debt. The net pension liability under GASB 68 is also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

Economic Factors

The School District has experienced difficult financial challenges in recent years; however, the School District has experienced increases in net position during fiscal years 2014 through 2016. The School District did experience a decrease in net position during fiscal year 2017 in the amount of \$1,211,460 due to the large increase in the School District's share of the net pension liability. The School District's net position increased by \$205,368 during fiscal year 2014, \$483,826 during fiscal year 2015, and \$406,771 during fiscal year 2016. In fiscal year 2013, the School District completed a new administration and preschool facility on the Maysville Local School District campus without issuing debt and as a result, it took some time for the School District to rebuild cash balances. During fiscal year 2017, the School District's School Facilities Improvement General Obligation Bonds – Series 2000 were paid in full and with the payoff of the athletic facility in fiscal year 2016, the School District's cash flow has increased.

Beginning fiscal year 2015, the School District replaced the traditional salary schedule and implemented an "Alternative Compensation System" for all staff. Instead of advancing staff based on years of service and training, the "Alternative Compensation System" qualifies staff for base salary adjustments if they receive a rating of "Accomplished" or "Skilled" on their annual evaluation.

Based on the May 2017 Board-adopted five year forecast, Maysville Local School District is projecting revenues to exceed expenditures for fiscal year 2018. 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.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

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.

Maysville Local School District, Ohio

Statement of Net Position

June 30, 2017

	Primary	Component Units	
	Government	Foxfire	Foxfire
	Governmental	Intermediate	High School
	Activities	School	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,748,563	\$428,460	\$1,511,618
Cash and Cash Equivalents in Segregated Accounts	1,739	0	0
Accounts Receivable	19,529	0	0
Intergovernmental Receivable	568,888	93,586	141,474
Prepaid Items	58,141	20,659	1,623
Inventory Held for Resale	7,675	0	7,080
Materials and Supplies Inventory	5,864	0	808
Property Taxes Receivable	4,359,666	0	0
Nondepreciable Capital Assets	756,108	0	22,562
Depreciable Capital Assets, Net	27,145,212	65,937	150,302
<i>Total Assets</i>	<u>38,671,385</u>	<u>608,642</u>	<u>1,835,467</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding Pension	41,169	0	0
	6,670,845	667,737	795,422
<i>Total Deferred Outflows or Resources</i>	<u>6,712,014</u>	<u>667,737</u>	<u>795,422</u>
Liabilities			
Accounts Payable	52,696	63	19,341
Accrued Wages and Benefits Payable	2,542,388	46,254	350,483
Contracts Payable	0	0	15,362
Matured Compensated Absences Payable	19,275	0	0
Intergovernmental Payable	435,526	10,788	164,749
Accrued Interest Payable	13,106	0	0
Vacation Benefits Payable	78,820	7,961	21,465
Claims Payable	199,425	0	0
Long-Term Liabilities:			
Due Within One Year	458,569	0	0
Due In More Than One Year:			
Net Pension Liability (See Note 12)	36,015,060	2,043,625	3,302,377
Other Amounts Due in More Than One Year	2,946,126	0	57,031
<i>Total Liabilities</i>	<u>42,760,991</u>	<u>2,108,691</u>	<u>3,930,808</u>
Deferred Inflows of Resources			
Property Taxes	2,761,332	0	0
Pension	779,285	270,776	57,761
<i>Total Deferred Inflows of Resources</i>	<u>3,540,617</u>	<u>270,776</u>	<u>57,761</u>
Net Position			
Net Investment in Capital Assets	25,861,862	65,937	172,864
Restricted for:			
Debt Service	549,808	0	0
Classroom Facilities Maintenance	304,720	0	0
Other Purposes	373,348	0	0
Unrestricted (Deficits)	(28,007,947)	(1,169,025)	(1,530,544)
<i>Total Net Position</i>	<u>(\$918,209)</u>	<u>(\$1,103,088)</u>	<u>(\$1,357,680)</u>

See accompanying notes to the basic financial statements.

Maysville Local School District, Ohio

Statement of Activities

For the fiscal year ended June 30, 2017

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
Governmental Activities			
Instruction:			
Regular	\$12,244,809	\$3,845,777	\$292,629
Special	3,630,682	53,713	2,638,080
Vocational	212,127	0	33,700
Intervention	425,041	0	48,972
Support Services:			
Pupils	1,023,838	0	45,686
Instructional Staff	394,167	0	98,685
Board of Education	92,073	0	0
Administration	2,245,982	13,705	39,118
Fiscal	484,922	0	47,951
Operation and Maintenance of Plant	2,121,990	618,875	76,878
Pupil Transportation	1,115,731	1,812	13,930
Central	70,689	0	10,787
Operation of Non-Instructional Services:			
Food Service Operations	1,314,315	4,412	1,165,139
Other	13,457	7,831	1,300
Extracurricular Activities	734,217	190,322	0
Interest and Fiscal Charges	104,436	0	0
<i>Total Primary Government</i>	<u>\$26,228,476</u>	<u>\$4,736,447</u>	<u>\$4,512,855</u>
Component Units			
Foxfire Intermediate School	\$724,594	\$11,138	\$400,720
Foxfire High School	3,946,161	310,404	3,422,180
<i>Total Component Units</i>	<u>\$4,670,755</u>	<u>\$321,542</u>	<u>\$3,822,900</u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Classroom Facilities Maintenance

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Gain from Sale of Capital Asset

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
(\$8,106,403)	\$0	\$0
(938,889)	0	0
(178,427)	0	0
(376,069)	0	0
(978,152)	0	0
(295,482)	0	0
(92,073)	0	0
(2,193,159)	0	0
(436,971)	0	0
(1,426,237)	0	0
(1,099,989)	0	0
(59,902)	0	0
(144,764)	0	0
(4,326)	0	0
(543,895)	0	0
(104,436)	0	0
(16,979,174)	0	0
0	(312,736)	0
0	0	(213,577)
0	(312,736)	(213,577)
2,768,325	0	0
291,683	0	0
54,552	0	0
12,436,737	269,104	495,125
21,310	1,829	4,999
35	0	0
195,072	3,861	7,057
15,767,714	274,794	507,181
(1,211,460)	(37,942)	293,604
293,251	(1,065,146)	(1,651,284)
(\$918,209)	(\$1,103,088)	(\$1,357,680)

Maysville Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2017

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,410,900	\$412,587	\$1,258,915	\$5,082,402
Cash and Cash Equivalents in Segregated Accounts	0	0	1,739	1,739
Accounts Receivable	19,310	0	219	19,529
Interfund Receivable	115,480	0	16,972	132,452
Intergovernmental Receivable	235,056	0	333,832	568,888
Prepaid Items	56,745	0	1,396	58,141
Inventory Held for Resale	0	0	7,675	7,675
Materials and Supplies Inventory	4,546	0	1,318	5,864
Property Taxes Receivable	3,881,401	401,969	76,296	4,359,666
<i>Total Assets</i>	<u>\$7,723,438</u>	<u>\$814,556</u>	<u>\$1,698,362</u>	<u>\$10,236,356</u>
Liabilities				
Accounts Payable	\$52,247	\$0	\$449	\$52,696
Accrued Wages and Benefits	2,015,160	0	277,192	2,292,352
Matured Compensated Absences Payable	17,859	0	1,416	19,275
Interfund Payable	16,972	0	115,480	132,452
Intergovernmental Payable	392,706	0	42,820	435,526
<i>Total Liabilities</i>	<u>2,494,944</u>	<u>0</u>	<u>437,357</u>	<u>2,932,301</u>
Deferred Inflows of Resources				
Property Taxes	2,462,066	251,642	47,624	2,761,332
Unavailable Revenue	753,364	65,405	46,412	865,181
<i>Total Deferred Inflows of Resources</i>	<u>3,215,430</u>	<u>317,047</u>	<u>94,036</u>	<u>3,626,513</u>
Fund Balances				
Nonspendable	61,291	0	2,714	64,005
Restricted	0	497,509	702,618	1,200,127
Committed	86,589	0	16,844	103,433
Assigned	404,557	0	490,031	894,588
Unassigned (Deficit)	1,460,627	0	(45,238)	1,415,389
<i>Total Fund Balances</i>	<u>2,013,064</u>	<u>497,509</u>	<u>1,166,969</u>	<u>3,677,542</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$7,723,438</u>	<u>\$814,556</u>	<u>\$1,698,362</u>	<u>\$10,236,356</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, 2017*

Total Governmental Fund Balances	\$3,677,542
---	-------------

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.	27,901,320
---	------------

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	689,838
School Employees Retirement System Reimbursement	126,515
Grants Receivable	33,673
Student Fees	15,155
	865,181

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.	216,700
--	---------

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.	(13,106)
--	----------

Vacation Benefits Payable is not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(78,820)
---	----------

Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds	41,169
---	--------

Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Refunding General Obligation Bonds Payable	(1,580,000)
Premium on Refunding Bonds	(54,665)
Capital Leases Payable	(433,602)
Sick Leave Benefits Payable	(1,336,428)
	(3,404,695)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:	
Deferred Outflows - Pension	6,670,845
Net Pension Liability	(36,015,060)
Deferred Inflows - Pension	(779,285)
	(30,123,500)

Net Position of Governmental Activities	(\$918,209)
---	-------------

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, 2017

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$2,787,613	\$287,456	\$54,942	\$3,130,011
Payment in Lieu of Taxes	2,529	253	55	2,837
Intergovernmental	14,041,279	47,951	2,971,818	17,061,048
Interest	0	0	22,668	22,668
Tuition and Fees	3,649,071	0	269,832	3,918,903
Extracurricular Activities	54,827	0	136,427	191,254
Rent	650	0	0	650
Charges for Services	50,480	0	572,491	622,971
Contributions and Donations	0	0	1,300	1,300
Miscellaneous	66,714	0	1,843	68,557
<i>Total Revenues</i>	<u>20,653,163</u>	<u>335,660</u>	<u>4,031,376</u>	<u>25,020,199</u>
Expenditures				
Current:				
Instruction:				
Regular	10,767,859	0	487,365	11,255,224
Special	2,054,559	0	1,199,846	3,254,405
Vocational	194,908	0	0	194,908
Intervention	374,463	0	49,712	424,175
Support Services:				
Pupils	930,955	0	46,376	977,331
Instructional Staff	275,147	0	102,465	377,612
Board of Education	92,073	0	0	92,073
Administration	1,961,924	0	53,136	2,015,060
Fiscal	437,848	8,057	0	445,905
Operation and Maintenance of Plant	1,860,505	0	135,724	1,996,229
Pupil Transportation	928,009	0	15,928	943,937
Central	59,590	0	11,099	70,689
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,119,250	1,119,250
Other Non-Instructional Services	0	0	12,123	12,123
Extracurricular Activities	441,107	0	130,050	571,157
Capital Outlay	0	0	1,334	1,334
Debt Service:				
Principal Retirement	50,719	260,000	145,437	456,156
Interest and Fiscal Charges	6,985	91,205	12,342	110,532
<i>Total Expenditures</i>	<u>20,436,651</u>	<u>359,262</u>	<u>3,522,187</u>	<u>24,318,100</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>216,512</u>	<u>(23,602)</u>	<u>509,189</u>	<u>702,099</u>
Other Financing Sources				
Proceeds from Sale of Capital Assets	1,500	0	0	1,500
Inception of a Capital Lease	101,269	0	0	101,269
<i>Total Other Financing Sources</i>	<u>102,769</u>	<u>0</u>	<u>0</u>	<u>102,769</u>
<i>Net Change in Fund Balances</i>	319,281	(23,602)	509,189	804,868
<i>Fund Balances Beginning of Year</i>	<u>1,693,783</u>	<u>521,111</u>	<u>657,780</u>	<u>2,872,674</u>
<i>Fund Balances End of Year</i>	<u>\$2,013,064</u>	<u>\$497,509</u>	<u>\$1,166,969</u>	<u>\$3,677,542</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, 2017*

Net Change in Fund Balances - Total Governmental Funds		\$804,868
<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	169,518	
Depreciation Expense	(1,439,260)	(1,269,742)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the gain on the sale of capital assets.		
Gain on Sale of Capital Assets	35	
Proceeds from Sale of Capital Assets	(1,500)	(1,465)
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	(2,837)	
Student Fees	2,669	
Intergovernmental	(114,114)	
Delinquent Taxes	(15,451)	
School Employees Retirement System Reimbursement	126,515	(3,218)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds Payable	260,000	
Capital Leases Payable	196,156	456,156
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		3,398
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	27,587	
Sick Leave Benefits Payable	(62,298)	(34,711)
Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position the lease obligation is reported as a liability.		
		(101,269)
The amortization of premiums are reported on the statement of activities.		
		10,933
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.		
		(52,006)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		1,686,898
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,703,067)
<i>Change in Net Position of Governmental Activities</i>		(\$1,211,460)
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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,240,832	\$3,343,617	\$3,351,044	\$7,427
Payment in Lieu of Taxes	0	0	2,529	2,529
Intergovernmental	13,595,910	14,027,115	14,071,966	44,851
Tuition and Fees	3,486,425	3,597,000	3,610,511	13,511
Rent	33,520	33,520	650	(32,870)
Charges for Services	48,928	50,480	50,480	0
Miscellaneous	11,735	11,735	136,477	124,742
<i>Total Revenues</i>	<i>20,417,350</i>	<i>21,063,467</i>	<i>21,223,657</i>	<i>160,190</i>
Expenditures				
Current:				
Instruction:				
Regular	8,794,471	9,016,255	8,844,790	171,465
Special	2,013,370	2,138,370	2,075,265	63,105
Vocational	180,500	180,500	204,050	(23,550)
Student Intervention Services	357,000	357,000	373,731	(16,731)
Other	1,737,200	1,836,179	1,962,726	(126,547)
Support Services:				
Pupils	878,930	878,930	914,036	(35,106)
Instructional Staff	296,700	304,713	281,587	23,126
Board of Education	70,100	70,100	82,695	(12,595)
Administration	2,036,000	1,998,007	1,970,247	27,760
Fiscal	414,700	414,700	437,611	(22,911)
Operation and Maintenance of Plant	1,864,121	1,919,855	1,915,095	4,760
Pupil Transportation	949,440	1,036,040	1,013,425	22,615
Central	60,896	60,896	59,628	1,268
Extracurricular Activities	422,200	422,200	397,944	24,256
<i>Total Expenditures</i>	<i>20,075,628</i>	<i>20,633,745</i>	<i>20,532,830</i>	<i>100,915</i>
<i>Net Change in Fund Balance</i>	<i>341,722</i>	<i>429,722</i>	<i>690,827</i>	<i>261,105</i>
<i>Fund Balance Beginning of Year</i>	<i>2,548,469</i>	<i>2,548,469</i>	<i>2,548,469</i>	<i>0</i>
Prior Year Encumbrances Appropriated	58,482	58,482	58,482	0
<i>Fund Balance End of Year</i>	<i>\$2,948,673</i>	<i>\$3,036,673</i>	<i>\$3,297,778</i>	<i>\$261,105</i>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fund Net Position

Internal Service Fund

June 30, 2017

	<u>Self- Insurance</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$666,161</u>
<i>Total Assets</i>	<u>666,161</u>
Current Liabilities	
Unearned Revenue	250,036
Claims Payable	<u>199,425</u>
<i>Total Liabilities</i>	<u>449,461</u>
Net Position	
Unrestricted	<u><u>\$216,700</u></u>

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, 2017

	Self- Insurance
Operating Revenues	
Charges for Services	\$3,346,753
Operating Expenses	
Purchased Services	417,320
Claims	2,981,439
<i>Total Operating Expenses</i>	3,398,759
<i>Operating Loss</i>	(52,006)
<i>Net Position at Beginning of Year</i>	268,706
<i>Net Position at End of Year</i>	\$216,700

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, 2017

	<u>Self- Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$3,351,869
Cash Payments for Services	(417,320)
Cash Payments for Claims	<u>(2,981,825)</u>
<i>Net Cash Used for Operating Activities</i>	(47,276)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>713,437</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$666,161</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$52,006)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities	
Increase in Unearned Revenue	5,116
Decrease in Claims Payable	<u>(386)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$47,276)</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, 2017

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$61,113</u></u>
Liabilities	
Due to Students	<u><u>\$61,113</u></u>

See accompanying notes to the basic financial statements.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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 118 classified employees, 139 certificated full-time teaching personnel, and 16 administrative employees who provide services to 2,325 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 Assets 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 students who have been unsuccessful in a traditional elementary school setting. In prior years, Foxfire Intermediate School served students in first through eighth grade. At the beginning of fiscal year 2017, Foxfire Intermediate only provided services to students in first through third grade due to a change made by the Ohio Department of Education that now allows fourth through eighth grade to be served through a drop-out, recovery, and prevention school; therefore, students were relocated to Foxfire High School.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 – Description of the School District and Reporting Entity (Continued)

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 serves as a drop-out, recovery, and prevention school and focuses on ensuring that basic survival needs are met so that students can achieve success in school. The Foxfire High School serves elementary, middle, and 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. In prior fiscal years, Foxfire High School only served students in grades nine through twelve. At the beginning of fiscal year 2017, Foxfire High School began to serve students in grades four through twelve. This change in grades served was due to a change by the Ohio Department of Education which allows a drop-out, recovery, and prevention school to serve grades four through twelve.

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 three 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, the Ohio School Benefits Cooperative, and Meta Solutions. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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 deferred outflows of resources and all liabilities and deferred inflows of resources 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 deferred outflows of resources and all liabilities and deferred inflows of resources 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, payment in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, payment in lieu of taxes, 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, interest, tuition, grants, fees, and rentals.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 are reported on the Government-wide Statement of Net Position for deferred charges on refunding and for pension. 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. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. The deferred outflows of resources related to pension are explained in Note 12.

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 until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 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, intergovernmental grants, income taxes, and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the Government-wide Statement of Net Position. (See Note 12)

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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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 2017 amounted to \$22,668, which includes \$21,759 assigned from other School District funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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 acquisition 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

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Internal Activity

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

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

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

J. Restricted Assets

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

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-term Obligations

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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 net pension liability that are 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 fiscal year. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the pension plans and additions to deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

N. Fund Balance

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

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

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

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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in 2018'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.

O. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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.

P. 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.

Q. 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.

R. 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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

S. 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. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

T. 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 – Changes in Accounting Principles

For fiscal year 2017, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the School District's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

The School District also implemented GASB's *Implementation Guide No. 2016-1*. These changes were incorporated in the School District' fiscal year 2017 financial statement; however, there was no effect on beginning net position/fund balance.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 4 – Accountability

The following funds had deficit fund balances at June 30, 2017.

<u>Special Revenue Funds:</u>	<u>Deficit Fund Balances</u>
Latchkey	(\$2,454)
Title VI-B	(21,163)
Title I	(21,349)

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 5 – 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 as follows:

This space intentionally left blank.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 5 – Fund Balances (Continued)

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$56,745	\$0	\$1,396	\$58,141
Materials and Supplies				
Inventory	4,546	0	1,318	5,864
<i>Total Nonspendable</i>	<u>61,291</u>	<u>0</u>	<u>2,714</u>	<u>64,005</u>
<u>Restricted for:</u>				
Food Service Operations	0	0	366,337	366,337
Athletics and Music	0	0	30,533	30,533
Federal Grants	0	0	10,308	10,308
Classroom Facilities	0	0	292,200	292,200
Preschool	0	0	3,240	3,240
Debt Service Payments	0	497,509	0	497,509
<i>Total Restricted</i>	<u>0</u>	<u>497,509</u>	<u>702,618</u>	<u>1,200,127</u>
<u>Committed to:</u>				
Scholarships	0	0	16,844	16,844
Purchases on Order	86,589	0	0	86,589
<i>Total Committed</i>	<u>86,589</u>	<u>0</u>	<u>16,844</u>	<u>103,433</u>
<u>Assigned to:</u>				
Public School Support	41,573	0	0	41,573
Purchases on Order	75,851	0	0	75,851
Job Conservation	200,953	0	0	200,953
Assigned to Subsequent Year's Appropriations	86,180	0	0	86,180
Capital Improvements	0	0	490,031	490,031
<i>Total Assigned</i>	<u>404,557</u>	<u>0</u>	<u>490,031</u>	<u>894,588</u>
Unassigned:	1,460,627	0	(45,238)	1,415,389
<i>Total Fund Balances</i>	<u>\$2,013,064</u>	<u>\$497,509</u>	<u>\$1,166,969</u>	<u>\$3,677,542</u>

Note 6 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - 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
For the Fiscal Year Ended June 30, 2017

Note 6 – Budgetary Basis of Accounting (Continued)

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. 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 commitment or assignment 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:

	<u>General</u>
GAAP Basis	\$319,281
Net Adjustment for Revenue Accruals	715,571
Net Adjustment for Expenditure Accruals	(39,727)
Beginning:	
Prepaid Items	37,769
Negative Cash Advances	(206,391)
Ending:	
Prepaid Items	(56,745)
Negative Cash Advances	114,641
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(7,994)
Adjustment for Encumbrances	<u>(185,578)</u>
Budget Basis	<u><u>\$690,827</u></u>

Note 7 – Deposits and Investments

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

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 – Deposits and Investments (Continued)

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,156,066 of the School District's bank balance of \$5,918,383 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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 7 – Deposits and Investments (Continued)

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. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institution opting not to participate in OPCS will collateralize utilizing the specific pledge method at 105 percent.

Investments: As of June 30, 2017, the School District had no investments.

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, 2017.

Note 8 – Property Taxes and Abatements

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 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, 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 2017 represents collections of calendar year 2016 taxes. Public utility real property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 8 – Property Taxes and Abatements (Continued)

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, 2017, are available to finance fiscal year 2017 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, 2017, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources for property taxes.

The amount available as an advance at June 30, 2017, was \$908,496. \$807,422 was available to the General Fund, \$84,922 was available to the Bond Retirement Debt Service Fund, and \$16,152 was available to the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2016, was \$1,522,993. \$1,370,853 was available to the General Fund, \$125,542 was available to the Bond Retirement Debt Service Fund, and \$26,598 was available to the Classroom Facilities Maintenance Special Revenue Fund.

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 2017 taxes were collected are:

	2016 Second- Half Collections		2017 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$162,533,120	94.16%	\$163,274,350	93.96%
Public Utility Personal	10,073,370	5.84%	10,497,560	6.04%
Total Assessed Value	\$172,606,490	100.00%	\$173,771,910	100.00%
Tax rate per \$1,000 of assessed valuation	\$39.95		\$40.65	

The increase in the tax rate per \$1,000 was attributed to the increase needed for debt retirement.

Abatements

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. The property owner makes payment in lieu of taxes to Muskingum County which is then distributed to the School District. These payments were being used to finance improvements. This Enterprise Zone Compensation Agreement ended in tax year 2015 and the final payment was received in fiscal year 2017 on November 3, 2016.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 9 - Receivables

Receivables at June 30, 2017, consisted of property 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 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 \$689,838 as of June 30, 2017.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities</u>	
Medicaid Reimbursements	\$15,498
E-Rate Monies	7,238
State Foundation Adjustment	47,342
School Employees Retirement System Refund	126,515
Bureau of Workers' Compensation Refund	40,306
Preschool	1,929
Title VI-B Grant	110,565
Title I Grant	165,457
Title II-A	17,512
21st Century Grant	36,526
Total	<u><u>\$568,888</u></u>

This space intentionally left blank

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Capital Assets				
Land	\$756,108	\$0	\$0	\$756,108
Depreciable Capital Assets				
Land Improvements	4,587,978	0	0	4,587,978
Buildings and Improvements	38,744,041	0	0	38,744,041
Furniture and Equipment	4,726,334	137,158	(204,977)	4,658,515
Vehicles	1,793,748	32,360	0	1,826,108
Total at Historical Cost	<u>49,852,101</u>	<u>169,518</u>	<u>(204,977)</u>	<u>49,816,642</u>
Less Accumulated Depreciation				
Land Improvements	(1,961,537)	(145,115)	0	(2,106,652)
Buildings and Improvements	(14,661,760)	(951,491)	0	(15,613,251)
Furniture and Equipment	(3,756,452)	(195,489)	203,512	(3,748,429)
Vehicles	(1,055,933)	(147,165)	0	(1,203,098)
Total Accumulated Depreciation	<u>(21,435,682)</u>	<u>(1,439,260) *</u>	<u>203,512</u>	<u>(22,671,430)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>28,416,419</u>	<u>(1,269,742)</u>	<u>(1,465)</u>	<u>27,145,212</u>
Governmental Activities Capital Assets, Net	<u>\$29,172,527</u>	<u>(\$1,269,742)</u>	<u>(\$1,465)</u>	<u>\$27,901,320</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$502,225
Special	208,922
Vocational	15,364
Support Services:	
Pupils	27,637
Instructional Staff	16,630
Administration	115,050
Fiscal	17,285
Operation and Maintenance	84,660
Pupil Transportation	148,526
Extracurricular	154,158
Food Service Operations	148,803
Total Depreciation Expense	<u>\$1,439,260</u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 11 – Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with Liberty Mutual Insurance – The Netherlands Insurance Company through the Young Insurance Agency, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, fleet insurance, and builder’s risk insurance. Coverage provided is as follows:

Building and Contents-replacement cost	\$77,793,229
Employee Benefit Liability:	
Per occurrence	1,000,000
General Aggregate	2,000,000
Personal and Advertising Injury Limit	1,000,000
Fleet Insurance	1,000,000
Uninsured/Underinsured Motorists	1,000,000
Commercial Umbrella Liability each occurrence	3,000,000
Commercial Umbrella Liability General Aggregate	3,000,000
Products/Completed Operations Aggregate Limit	2,000,000

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.

During fiscal year 2017, the School District participated in the Better Business Bureau of Central Ohio Incorporated - Workers’ Compensation Program (GRP), an insurance purchasing pool (Note 19). For calendar year 2016, the School District participated in the Group Retrospective Rating Program while in calendar year 2017 the School District participated in the Group Rating Program. 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 \$199,425 reported in the internal service fund at June 30, 2017, 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 that covers individual claims in excess 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>
2016	\$299,374	\$3,097,999	\$3,197,562	\$199,811
2017	199,811	2,981,439	2,981,825	199,425

Note 12 – Defined Benefit Pension Plans

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 – Defined Benefit Pension Plans (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$419,434 for fiscal year 2017. Of this amount \$45,025 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 – Defined Benefit Pension Plans (Continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,267,464 for fiscal year 2017. Of this amount \$237,902 is reported as an intergovernmental payable.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 – Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.09657440%	0.08556981%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.09704850%</u>	<u>0.08637407%</u>	
Change in Proportionate Share	<u>0.00047410%</u>	<u>0.00080426%</u>	
Proportionate Share of the Net Pension Liability	\$7,103,055	\$28,912,005	\$36,015,060
Pension Expense	\$781,818	\$1,921,249	\$2,703,067

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$95,804	\$1,168,184	\$1,263,988
Changes of assumptions	474,168	0	474,168
Net difference between projected and actual earnings on pension plan investments	585,899	2,400,473	2,986,372
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	95,689	163,730	259,419
School District contributions subsequent to the measurement date	<u>419,434</u>	<u>1,267,464</u>	<u>1,686,898</u>
Total Deferred Outflows of Resources	<u>\$1,670,994</u>	<u>\$4,999,851</u>	<u>\$6,670,845</u>
Deferred Inflows of Resources			
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>\$0</u>	<u>\$779,285</u>	<u>\$779,285</u>

\$1,686,898 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 – Defined Benefit Pension Plans (Continued)

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$332,329	\$346,198	\$678,527
2019	331,906	346,199	678,105
2020	418,902	1,267,325	1,686,227
2021	168,423	993,380	1,161,803
Total	<u>\$1,251,560</u>	<u>\$2,953,102</u>	<u>\$4,204,662</u>

Actuarial Assumptions - SERS

SERS’ total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented below:

	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 – Defined Benefit Pension Plans (Continued)

The most recent experience study was completed for the five year period ended June 30, 2015. The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$9,404,002	\$7,103,055	\$5,177,066

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 – Defined Benefit Pension Plans (Continued)

Inflation	2.75 percent
Salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS’ investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	<u>7.61 %</u>

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are excluded. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 12 – Defined Benefit Pension Plans (Continued)

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$38,421,705	\$28,912,005	\$20,890,012

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District’s NPL is expected to be significant.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2017, no members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 – Postemployment Benefits

A. School Employee Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO’s, PPO’s, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS’ Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Note 13 – Postemployment Benefits (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$50,876.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$50,876, \$48,110, and \$77,853, respectively. The fiscal year 2017 amount is an intergovernmental payable at fiscal year-end. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered 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 partial 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 discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

Note 14 – Employee Benefits

A. Compensated Absences

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 14 – Postemployment Benefits (Continued)

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 \$25,000 for all employees enrolled.

C. Retirement Incentive

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

During fiscal year 2017, the School District paid no retirement incentives. At June 30, 2017, no retirement incentives were outstanding, and as a result, no amount was accrued as a liability.

Note 15 – Capitalized Leases

The School District has entered into capitalized leases for copiers, computer equipment, chiller, and buses. These leases meet the criteria of a capital lease which is when a lease transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements. The new computer equipment (Chromebooks) acquired during fiscal year 2015 by lease in the amount of \$58,330 have not been capitalized because each Chromebook is under the capitalization asset threshold but a capital lease payable has been recorded in the government-wide statements.

During fiscal year 2017, the School District paid in full the copier equipment from prior years and entered into a new copier equipment lease. Inception of capital leases during fiscal year 2017 amounted to \$101,269.

The agreements provide for minimum annual rental payments as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$163,425	\$14,104	\$177,529
2019	115,977	9,791	125,768
2020	119,915	5,851	125,766
2021	22,443	1,740	24,183
2022	11,842	249	12,091
Total	<u>\$433,602</u>	<u>\$31,735</u>	<u>\$465,337</u>

The capitalized leased assets, copiers, chiller, and buses, were originally capitalized in the amount of \$839,993. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2017 totaled \$196,156 in the governmental funds.

Property under Capital Lease	\$839,993
Less: Accumulated Depreciation	<u>(204,991)</u>
Total June 30, 2017	<u><u>\$635,002</u></u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 16 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2017 were as follows:

	Principal Outstanding 6/30/2016	Additions	Deductions	Principal Outstanding 6/30/2017	Due in One Year
School Facilities Improvement					
General Obligation Bonds					
Serial Bonds - 2000 - 3.80%-6.35%	\$260,000	\$0	\$260,000	\$0	\$0
School Improvement Refunding					
General Obligation Bonds					
Term Bonds - 2007 - 5.25%	1,580,000	0	0	1,580,000	285,000
Bond Premium	65,598	0	10,933	54,665	0
Total Long-Term Bonds	1,905,598	0	270,933	1,634,665	285,000
Net Pension Liability:					
SERS	5,510,629	1,592,426	0	7,103,055	0
STRS	23,648,993	5,263,012	0	28,912,005	0
Total Net Pension Liability	29,159,622	6,855,438	0	36,015,060	0
Capital Leases	528,489	101,269	196,156	433,602	163,425
Compensated Absences Payable	1,274,130	124,198	61,900	1,336,428	10,144
Total General Long-Term Obligations	\$32,867,839	\$7,080,905	\$528,989	\$39,419,755	\$458,569

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. This debt was retired during fiscal year 2017.

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

On August 16, 2006, the School District issued \$2,170,000 of School Improvement Refunding General Obligation Bonds that were issued to partially refund the 2000 School Facilities Improvement General Obligation Bonds. The bonds were issued for a sixteen year period with a final maturity at December 1, 2021.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 16 – Long-Term Obligations (Continued)

The \$2,170,000 School Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$174,936. 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 service 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, 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2018	\$285,000	\$75,469
2019	300,000	60,113
2020	310,000	44,100
2021	330,000	27,300
2022	355,000	9,319
Total	\$1,580,000	\$216,301

The School District's overall legal debt margin was \$14,383,986 with an unvoted debt margin of \$171,850 at June 30, 2017.

Capital leases are paid from the general fund, the classroom facilities maintenance special revenue fund, and the permanent improvement capital project fund. Compensated absences are paid from the fund from which the employees' salaries are paid, which includes the general Fund and lunchroom special revenue Funds. The School District pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: general fund, lunchroom, latchkey, preschool grant, title VI-B, title I, and the miscellaneous federal grants special revenue funds. For additional information related to the net pension liability see Note 12.

Note 17 – Interfund Activity

Interfund balances at June 30, 2017, consist of the following individual fund receivables and payables:

	Receivable	Payable
Major Fund:		
General Fund	\$115,480	\$16,972
Other Nonmajor Governmental Funds:		
Food Service	0	839
Preschool Grant	6,701	0
Title VI-B	768	20,717
Title I	9,487	58,974
Title II-A	16	2,916
Miscellaneous Federal Grants	0	32,034
Total Other Nonmajor Governmental Funds	16,972	115,480
Total All Funds	\$132,452	\$132,452

Note 17 – Interfund Activity (Continued)

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

Note 18- Jointly Governed Organizations

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services over twenty-nine school districts, public community schools, and non-public schools within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, and Medina Counties. These entities consist of public school districts, private schools, community schools, 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 2017 were \$99,324. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Center of Licking County, 150 Price Road, Newark, OH 43055.

B. Mid-East Career and Technology Centers

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2017, 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.

Note 18- Jointly Governed Organizations (Continued)

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 2017, the School District paid \$325 to the Coalition for membership services. The financial information for the Coalition can be obtained from the Executive Director, at 322 McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 19 – Purchasing Pools

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

The School District participated in a group retrospective rating plan for workers' compensation in calendar year 2016 and in the group rating plan for workers' compensation in calendar year 2017 as established under Section 4123.29 of the Ohio Revised Code. The Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Group (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.

C. Meta Solutions

The School District participates in Meta Solutions, a purchasing pool. Meta Solutions was created pursuant to Chapter 167 of the Ohio Revised Code. Meta Solutions is a purchasing pool created to aid school districts with purchasing services and products at discounted rates. Meta Solutions operates under a Board of Directors consisting of twelve members. The Board of Directors is made up of representatives from member school districts. The Board of Directors exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. The School District paid \$710 to Meta Solutions for a fiscal year 2017 membership and paid \$640 during fiscal year 2017 for utility billing monitoring services. Financial information can be obtained from David Varda, CFO, 2100 Citygate Drive, Columbus, Ohio 43219.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 20 – Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

B. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2017 have been finalized. The impact of the FTE adjustments have been recorded as a receivable on the fiscal year 2017 financial statements.

C. Litigation

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

Note 21 – Set-Aside Calculations and Fund Reserves

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

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2016	\$0
Current Year Set-aside Requirement	396,400
Current Year Offsets	(415,082)
Qualifying Disbursements	(172,585)
Total	(\$191,267)
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.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 22 – Significant Commitments

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

Governmental Funds:	
General Fund	\$185,578
Nonmajor Governmental Funds	<u>36,714</u>
Total	<u><u>\$222,292</u></u>

Note 23 – Related Party Transactions

During fiscal year 2017, Foxfire Intermediate School paid \$50,480 to the School District for rent, utilities, transportation, and other support services provided. As of June 30, 2017, there were no amounts owed by Foxfire Intermediate School to the School District.

During fiscal year 2017, Foxfire High School paid \$656,508 to the School District for rent, utilities, transportation, and other support services provided. As of June 30, 2017, there were no amounts owed by Foxfire High School to the School District.

Note 24 – 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.

B. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Foxfire Intermediate School and Foxfire High School's financial statements are prepared using the accrual basis of accounting. 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. Revenue resulting from nonexchange transactions, in which the Foxfire Intermediate School and Foxfire High School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Foxfire Intermediate School and Foxfire High School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Foxfire Intermediate School and Foxfire High School on a reimbursement basis. Expenses are recognized at the time they are incurred.

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units (Continued)

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 represent 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 Foxfire Intermediate School and Foxfire High School, deferred outflows of resources are reported on the statement of net position for pension.

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 until that time. For the Foxfire Intermediate School and Foxfire High School, deferred inflows of resources include pension. These amounts have been recorded as a deferred inflow on the statement of net position. Deferred inflows of resources related to pension are reported on the statement of net position.

C. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

D. 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 \$221,591 with accumulated depreciation of \$155,654 and a remaining book value of \$65,937.

The Foxfire High School's capital assets consisted of equipment valued at \$251,072 with accumulated depreciation of \$78,208 and a remaining book value of \$172,864.

E. Related Party Transactions

The Board of Directors of the Foxfire Intermediate School consists of five community members recommended by the Executive Director of the Foxfire Intermediate School after consulting with Maysville Local School District's (Sponsor) Superintendent. The Foxfire Intermediate School is presented as a component unit of the Sponsor. During fiscal year 2017, the Foxfire Intermediate School paid the Sponsor \$50,480 for rent, utilities, transportation, and other support services provided to the Foxfire Intermediate School. As of June 30, 2017, there were no amounts owed by the Foxfire Intermediate School to the Sponsor. The Foxfire Intermediate School is located in a portion of facilities previously utilized by the Sponsor.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units (Continued)

The Board of Directors of the Foxfire High School consists of five community members recommended by the Executive Director of the Foxfire High School after consulting with Maysville Local School District's (Sponsor) Superintendent. The Foxfire High School is presented as a component unit of the Sponsor. During fiscal year 2017, \$656,508 was paid to the Sponsor for rent, utilities, transportation, and other support services provided to the Foxfire High School. The Foxfire High School is located in a portion of facilities previously utilized by the Sponsor. As of June 30, 2017, there were no outstanding expenses owed to the sponsor.

F. Expenses

The chart below represents the Foxfire Intermediate School's fiscal year 2017 expenses on a cash basis.

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Other Instruction (1400 and 1900 Function Codes)	Support Services (2000 Function Codes)	Non- Instructional (3000 through 7000 Function Codes)	Total
<i>Direct expenses:</i>						
Salaries & wages (100 object codes)	\$124,587	\$88,612	\$64,448	\$65,376	\$0	\$343,023
Employees' benefits (200 object codes)	46,523	16,620	17,037	16,364	0	96,544
Professional and technical services (410 object codes)	1,069	3,758	6,869	93,007	72	104,775
Rental expenses (425 object codes)	50,480	0	0	0	0	50,480
Travel/Meeting Expense (430 object codes)	77	0	0	159	0	236
Advertising (440 object codes)	4,282	0	0	0	0	4,282
Supplies (500 object codes)	1,138	0	0	175	0	1,313
Equipment (640 object codes)	0	0	0	0	2,846	2,846
Total expenses	<u>\$228,156</u>	<u>\$108,990</u>	<u>\$88,354</u>	<u>\$175,081</u>	<u>\$2,918</u>	<u>\$603,499</u>

The chart below represents the Foxfire High School's fiscal year 2017 expenses on a cash basis.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units (Continued)

	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Other Instruction (1300 and 1900 Function Codes)	Support Services (2000 Function Codes)	Non- Instructional (3000 through 7000 Function Codes)	Total
<i>Direct expenses:</i>						
Salaries & wages (100 object codes)	\$640,934	\$264,047	\$47,303	\$714,467	\$97,763	\$1,764,514
Employees' benefits (200 object codes)	222,366	77,790	22,367	237,154	14,848	574,525
Professional and technical services (410 object codes)	24,695	2,845	129,486	186,894	50	343,970
Property services (420 object codes)	0	0	0	26,543	3,229	29,772
Rental expenses (425 object codes)	533,040	0	0	0	0	533,040
Travel/Meeting Expense (430 object codes)	912	0	0	0	0	912
Advertising /Phone/Postage (440 object codes)	32,942	0	0	5,662	0	38,604
Utilities (450 object codes)	0	0	0	65,390	0	65,390
Transportation (480 object codes)	0	0	0	0	43,849	43,849
Other purchased services (490 object codes)	0	0	0	0	510	510
Supplies (500 object codes)	13,743	0	4,642	21,785	86,958	127,128
Equipment (640 object codes)	76,813	0	0	19,796	5,272	101,881
Other direct costs (All other object codes)	2,254	0	0	0	4,023	6,277
Total expenses	<u>\$1,547,699</u>	<u>\$344,682</u>	<u>\$203,798</u>	<u>\$1,277,691</u>	<u>\$256,502</u>	<u>\$3,630,372</u>

G. Defined Benefit Pension Plans

Net Pension Liability

The Foxfire Intermediate School's contractually required contribution to SERS was \$11,984 for fiscal year 2017. Of this amount \$761 is reported as an intergovernmental payable. The Foxfire Intermediate School's contractually required contribution to STRS was \$19,533 for fiscal year 2017. The full amount was paid as of June 30, 2017.

The Foxfire High School's contractually required contribution to SERS was \$87,606 for fiscal year 2017. Of this amount \$12,605 is reported as an intergovernmental payable. The Foxfire High School's contractually required contribution to STRS was \$177,132 for fiscal year 2017. Of this amount \$50,346 is reported as an intergovernmental payable.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units (Continued)

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Foxfire Intermediate School and Foxfire High School's proportion of the net pension liability was based on the Foxfire Intermediate School and Foxfire High School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Foxfire Intermediate School:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.005397%	0.00609065%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.005490%</u>	<u>0.00490487%</u>	
Change in Proportionate Share	<u>0.000093%</u>	<u>-0.00118578%</u>	
Proportionate Share of the Net Pension Liability	\$401,817	\$1,641,808	\$2,043,625
Pension Expense	\$62,747	\$176,815	\$239,562

Foxfire High School:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.0126532%	0.00674020%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.0133092%</u>	<u>0.00695565%</u>	
Change in Proportionate Share	<u>0.0006560%</u>	<u>0.00021545%</u>	
Proportionate Share of the Net Pension Liability	\$974,111	\$2,328,266	\$3,302,377
Pension Expense	\$116,833	\$164,526	\$281,359

At June 30, 2017, the Foxfire Intermediate School and Foxfire High School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Foxfire Intermediate School:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$5,419	\$66,337	\$71,756
Changes of assumptions	26,824	0	26,824
Net difference between projected and actual earnings on pension plan investments	33,144	136,314	169,458
Changes in proportionate Share and difference between Intermediate School contributions and proportionate share of contributions	44,789	323,393	368,182
Intermediate School contributions subsequent to the measurement date	<u>11,984</u>	<u>19,533</u>	<u>31,517</u>
Total Deferred Outflows of Resources	<u>\$122,160</u>	<u>\$545,577</u>	<u>\$667,737</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$0</u>	<u>\$270,776</u>	<u>\$270,776</u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units (Continued)

\$31,517 reported as deferred outflows of resources related to pension resulting from Intermediate School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2018	\$37,317	\$87,374	\$124,691
2019	37,294	87,375	124,669
2020	26,038	94,127	120,165
2021	<u>9,527</u>	<u>(13,608)</u>	<u>(4,081)</u>
Total	<u>\$110,176</u>	<u>\$255,268</u>	<u>\$365,444</u>

Foxfire High School:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$13,138	\$94,073	\$107,211
Changes of assumptions	65,027	0	65,027
Net difference between projected and actual earnings on pension plan investments	80,350	193,309	273,659
Changes in proportionate Share and difference between High School contributions and proportionate share of contributions	39,029	45,758	84,787
High School contributions subsequent to the measurement date	<u>87,606</u>	<u>177,132</u>	<u>264,738</u>
Total Deferred Outflows of Resources	<u>\$285,150</u>	<u>\$510,272</u>	<u>\$795,422</u>
Deferred Inflows of Resources			
Changes in proportionate share and difference between High School contributions and proportionate share of contributions	<u>\$0</u>	<u>\$57,761</u>	<u>\$57,761</u>
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$57,761</u>	<u>\$57,761</u>

\$264,738 reported as deferred outflows of resources related to pension resulting from High School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2018	\$55,190	\$37,688	\$92,878
2019	55,133	37,688	92,821
2020	64,125	111,864	175,989
2021	<u>23,096</u>	<u>88,139</u>	<u>111,235</u>
Total	<u>\$197,544</u>	<u>\$275,379</u>	<u>\$472,923</u>

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units (Continued)

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

Foxfire Intermediate School (SERS):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Intermediate School's proportionate share of the net pension liability	\$531,981	\$401,817	\$292,865

Foxfire High School (SERS):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
High School's proportionate share of the net pension liability	\$1,289,662	\$974,111	\$709,981

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

Foxfire Intermediate School (STRS):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$2,181,829	\$1,641,808	\$1,186,268

Foxfire High School (STRS):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
High School's proportionate share of the net pension liability	\$3,094,076	\$2,328,266	\$1,682,260

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 24 – Foxfire Intermediate School and Foxfire High School Component Units (Continued)

H. Long-Term Obligations

The changes in the Foxfire Intermediate School’s long-term obligations during the year consist of the following:

	Outstanding 6/30/2016	Additions	Deletions	Outstanding 6/30/2017	Due Within One Year
Compensated Absences	\$7,309	\$0	\$7,309	\$0	\$0
Net Pension Liability:					
SERS	307,958	93,859	0	401,817	0
STRS	1,683,278	0	41,470	1,641,808	0
Total Net Pension Liability	1,991,236	93,859	41,470	2,043,625	0
Total Long-Term Obligations	<u>\$1,998,545</u>	<u>\$93,859</u>	<u>\$48,779</u>	<u>\$2,043,625</u>	<u>\$0</u>

The changes in the Foxfire High School’s long-term obligations during the year consist of the following:

	Outstanding 6/30/2016	Additions	Deletions	Outstanding 6/30/2017	Due Within One Year
Compensated Absences	\$50,420	\$6,611	\$0	\$57,031	\$0
Net Pension Liability:					
SERS	722,004	252,107	0	974,111	0
STRS	1,862,794	465,472	0	2,328,266	0
Total Net Pension Liability	2,584,798	717,579	0	3,302,377	0
Total Long-Term Obligations	<u>\$2,635,218</u>	<u>\$724,190</u>	<u>\$0</u>	<u>\$3,359,408</u>	<u>\$0</u>

Maysville Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0970485%	0.0965744%	0.0939690%	0.0939690%
School District's Proportionate Share of the Net Pension Liability	\$7,103,055	\$5,510,629	\$4,755,718	\$5,588,035
School District's Covered Payroll	\$3,005,071	\$2,901,886	\$2,764,502	\$2,746,107
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	236.37%	189.90%	172.03%	203.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year-end.

Maysville Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.08637407%	0.08556981%	0.09006516%	0.09006516%
School District's Proportionate Share of the Net Pension Liability	\$28,912,005	\$23,648,993	\$21,906,964	\$26,095,432
School District's Covered Payroll	\$9,093,564	\$8,847,457	\$9,093,300	\$10,063,485
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	317.94%	267.30%	240.91%	259.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

Maysville Local School District
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$419,434	\$420,710	\$382,469	\$383,160
Contributions in Relation to the Contractually Required Contribution	<u>(419,434)</u>	<u>(420,710)</u>	<u>(382,469)</u>	<u>(383,160)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$2,995,957	\$3,005,071	\$2,901,886	\$2,764,502
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
\$380,061	\$361,247	\$297,113	\$530,582	\$289,236	\$274,781
(380,061)	(361,247)	(297,113)	(530,582)	(289,236)	(274,781)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,746,107	\$2,685,850	\$2,363,666	\$3,918,623	\$2,939,395	\$2,798,177
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Maysville Local School District
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,267,464	\$1,273,099	\$1,238,644	\$1,182,129
Contributions in Relation to the Contractually Required Contribution	<u>(1,267,464)</u>	<u>(1,273,099)</u>	<u>(1,238,644)</u>	<u>(1,182,129)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$9,053,314	\$9,093,564	\$8,847,457	\$9,093,300
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,308,253	\$1,288,150	\$1,281,720	\$1,288,418	\$1,285,457	\$1,144,417
<u>(1,308,253)</u>	<u>(1,288,150)</u>	<u>(1,281,720)</u>	<u>(1,288,418)</u>	<u>(1,285,457)</u>	<u>(1,144,417)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$10,063,485	\$9,908,846	\$9,859,385	\$9,910,908	\$9,888,131	\$8,803,208
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Maysville Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

Changes in Assumptions - SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions with mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	10.555	2016/2017	\$85,901	\$85,901
Cash Assistance:				
School Breakfast Program	10.553	2016/2017	425,343	425,343
National School Lunch Program	10.555	2016/2017	636,433	636,433
Cash Assistance Subtotal			<u>1,061,776</u>	<u>1,061,776</u>
Total Child Nutrition Cluster			<u>1,147,677</u>	<u>1,147,677</u>
Total U.S. Department of Agriculture			<u>1,147,677</u>	<u>1,147,677</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2016 2017	175,572 518,138	133,766 577,112
Total Title I Grants to Local Educational Agencies			<u>693,710</u>	<u>710,878</u>
Special Education Cluster:				
Special Education Grants to States	84.027	2016 2017	96,418 325,751	72,688 346,469
Total Special Education Grants to States			<u>422,169</u>	<u>419,157</u>
Special Education Preschool Grants	84.173	2017	5,948	5,948
Total Special Education Cluster			428,117	425,105
Twenty-First Century Community Learning Centers	84.287	2016 2017	4,660 286,723	2,462 318,756
Total Twenty-First Century Community Learning Centers			<u>291,383</u>	<u>321,218</u>
Rural Education	84.358	2016	49,712	49,712
Improving Teacher Quality State Grants	84.367	2016 2017	21,127 55,267	14,748 58,183
Total Improving Teacher Quality State Grants			<u>76,394</u>	<u>72,931</u>
Teacher Incentive Fund (TIF) Cluster:				
Teacher Incentive Fund	84.374	2017	132,277	0
Total Teacher Incentive Fund Cluster			<u>132,277</u>	<u>0</u>
Total U.S. Department of Education			<u>1,671,593</u>	<u>1,579,844</u>
Total Federal Awards Receipts and Expenditures			<u>\$2,819,270</u>	<u>\$2,727,521</u>

The accompanying notes are an integral part of this Schedule.

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Maysville Local School District (the District) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receipts and Expenditures reported on the Schedule are reported on the cash basis of accounting. Such receipts and expenditures are recognized following as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225) the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - 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 E – 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 programs 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 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, 2017, 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 6, 2018

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 "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

March 6, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the 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) *Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

Management's Responsibility

The School District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2017.

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 the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 6, 2018

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2017**

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 weaknesses in internal control 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 weaknesses in internal control 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 2 CFR Part 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Program: <ul style="list-style-type: none"> • Title I Grants to Local Educational Agencies – CFDA # 84.010 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR Part 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.



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 22, 2018**