Marysville Exempted Village School District
Union County, Ohio

Basic Financial Statements

June 30, 2009

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Mary Taylor, CPA
Auditor of State

Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

We have reviewed the *Independent Auditors' Report* of the Marysville Exempted Village School District, Union County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 13, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marysville Exempted Village School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 18, 2009

The discussion and analysis of Marysville Exempted Village School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 are as follows:

In total, net assets decreased $444,209. Net assets of governmental activities decreased $940,078, which represents a 7.5% decrease from 2008. Net assets of business-type activities increased $495,869 or 174.4% from 2008.

General revenues accounted for $55,615,253 in revenue or 90.9% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $5,546,176 or 9.1% of total revenues of $61,161,429.

The District had $58,951,413 in expenses related to governmental activities; only $2,840,528 of these expenses were offset by program specific charges for services, grants or contributions.

Among major funds, the general fund had $46,518,626 in revenues and $44,587,785 in expenditures. The general fund's fund balance increased by $1,916,359 to an ending deficit of $1,701,485 The increase is a result of increased State reimbursements while reducing expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. The Government-Wide Financial Statements – These statements provide both long-term and short-term information about the District's overall financial status.

2. The Fund Financial Statements – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the District as a whole using the accrual basis of accounting similar to that which is used by most private-sector companies. The statement of net assets includes all of the District's assets and liabilities. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. The change in net-assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District are divided into two categories:

Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service, uniform school supplies, and day care are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's major funds; while the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – The District is the trustee, or fiduciary, for various student managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net assets for 2009 compared to 2008.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	$45,746,961	$50,036,728	$213,768	$62,039	$45,960,729	$50,098,767
Capital assets, Net	112,089,915	109,375,588	883,930	508,611	112,973,845	109,884,199
Total assets	157,836,876	159,412,316	1,097,698	570,650	158,934,574	159,982,966
Long-term debt outstanding	107,758,866	111,151,231	45,289	65,088	107,804,155	111,216,319
Other liabilities	38,488,322	35,731,319	272,174	221,196	38,760,496	35,952,515
Total liabilities	146,247,188	146,882,550	317,463	286,284	146,564,651	147,168,834
Net assets						
Invested in capital assets, net of related debt	15,009,323	16,168,546	883,930	508,611	15,893,253	16,677,157
Restricted	5,130,210	4,962,848	0	0	5,130,210	4,962,848
Unrestricted	(8,549,845)	(8,601,628)	(103,695)	(224,245)	(8,653,540)	(8,825,873)
Total net assets	$11,589,688	$12,529,766	$780,235	$284,366	$12,369,923	$12,814,132

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009 ***Unaudited***

Changes in Net Assets – The following table shows the changes in net assets for the fiscal years 2009 and 2008:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for Services and Sales	$982,912	$781,924	$1,969,198	$1,997,777	$2,952,110	$2,779,701
Operating Grants and Contributions	1,823,866	1,905,108	736,450	663,384	2,560,316	2,568,492
Capital Grants and Contributions	33,750	48,907	0	0	33,750	48,907
Total Program Revenues	2,840,528	2,735,939	2,705,648	2,661,161	5,546,176	5,397,100
General Revenues:						
Property Taxes	28,444,792	26,985,401	0	0	28,444,792	26,985,401
Grants and Entitlements	26,138,791	23,988,201	0	0	26,138,791	23,988,201
Other	1,031,670	2,297,767	0	0	1,031,670	2,297,767
Total General Revenues	55,615,253	53,271,369	0	0	55,615,253	53,271,369
Total Revenues	58,455,781	56,007,308	2,705,648	2,661,161	61,161,429	58,668,469
Program Expenses						
Instruction	32,382,919	31,151,112	0	0	32,382,919	31,151,112
Support Services:						
Pupils	2,908,822	2,945,369	0	0	2,908,822	2,945,369
Instructional Staff	4,355,115	4,214,801	0	0	4,355,115	4,214,801
Board of Education	26,314	23,383	0	0	26,314	23,383
Administration	3,139,272	3,560,776	0	0	3,139,272	3,560,776
Fiscal Services	1,239,178	1,315,760	0	0	1,239,178	1,315,760
Business	823,710	851,775	0	0	823,710	851,775
Operation and Maintenance of Plant	4,522,068	4,495,699	0	0	4,522,068	4,495,699
Pupil Transportation	2,126,993	2,490,847	0	0	2,126,993	2,490,847
Central	722,379	610,875	0	0	722,379	610,875
Operation of Non-Instructional Services	159,264	99,833	0	0	159,264	99,833
Extracurricular Activities	1,142,799	1,265,426	0	0	1,142,799	1,265,426
Interest and Fiscal Charges	5,402,580	5,469,165	0	0	5,402,580	5,469,165
Food Service	0	0	2,108,186	2,257,641	2,108,186	2,257,641
Uniform School Supplies	0	0	198,784	99,951	198,784	99,951
Special Enterprise-Day Care	0	0	347,255	386,746	347,255	386,746
Total expenses	58,951,413	58,494,821	2,654,225	2,744,338	61,605,638	61,239,159
Change in Net Assets before transfers	(495,632)	(2,487,513)	51,423	(83,177)	(444,209)	(2,570,690)
Transfers	(444,446)	(447,367)	444,446	447,367	0	0
Total Change in Net Assets	(940,078)	(2,934,880)	495,869	364,190	(444,209)	(2,570,690)
Beginning Net Assets	12,529,766	15,464,646	284,366	(79,824)	12,814,132	15,384,822
Total Net Assets	$11,589,688	$12,529,766	$780,235	$284,366	$12,369,923	$12,814,132

Governmental Activities

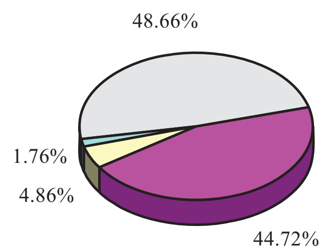
Net assets of the District's governmental activities decreased by $940,078. The decrease of net assets in fiscal year 2009 was less than the decrease in the previous year because tax revenue and State reimbursements for the phase out of personal property tax increased and expenditures remained steady.

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009 ***Unaudited***

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

Property taxes made up 49% of revenues for governmental activities for Marysville Exempted Village Schools in fiscal year 2009. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2009	Percent of Total
General Tax Revenues	$28,444,792	48.66%
General Grants	26,138,791	44.72%
Program Revenues	2,840,528	4.86%
General Other	1,031,670	1.76%
Total Revenue	$58,455,781	100.00%



Business-Type Activities

Net assets of the business-type activities increased by $495,869. This increase is a result of contributions of capital assets from governmental activities. Business activities receive no support from tax revenues.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of $6,317,409 which is less than last year's balance of $12,212,113. The schedule below indicates the fund balance and the total change in fund balance by fund as of June 30, 2009 and 2008.

	Fund Balance June 30, 2009	Fund Balance June 30, 2008	Increase (Decrease)
General	($1,701,485)	($3,617,844)	$1,916,359
Bond Retirement	1,610,767	1,795,671	(184,904)
Permanent Improvement	3,770,933	3,398,270	372,663
Building Acquisition and Construction	2,179,977	10,184,410	(8,004,433)
Other Governmental	457,217	451,606	5,611
Total	$6,317,409	$12,212,113	($5,894,704)

General Fund – The District's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2009 Revenues	2008 Revenues	Increase (Decrease)
Taxes	$21,254,380	$20,612,141	$642,239
Tuition	281,289	236,773	44,516
Transportation Fees	83,047	64,060	18,987
Investment Earnings	199,906	515,167	(315,261)
Extracurricular Activities	193,656	72,345	121,311
Class Materials and Fees	130,611	127,107	3,504
Intermediate Sources	4,626	3,846	780
Intergovernmental - State	23,921,329	20,702,627	3,218,702
Intergovernmental - Federal	1,820	3,069	(1,249)
All Other Revenue	447,962	430,250	17,712
Total	$46,518,626	$42,767,385	$3,751,241

General Fund revenues in 2009 increased approximately 8.8% compared to revenues in fiscal year 2008. The increase in taxes is due to the passage of a new 4 mill levy and a replacement of an existing 5 mill levy in November 2008. Collection of taxes for the new levy began in the second half of fiscal year 2009. The increase in intergovernmental revenue is due to State reimbursements for the phase out of personal property tax. The decrease in investment earnings is due to falling interest rates on investments.

	2009 Expenditures	2008 Expenditures	Increase (Decrease)
Instruction	$26,025,215	$26,847,621	($822,406)
Supporting Services:			
Pupils	2,818,808	2,861,874	(43,066)
Instructional Staff	3,299,763	3,398,975	(99,212)
Board of Education	24,986	22,055	2,931
Administration	2,716,781	3,269,526	(552,745)
Fiscal Services	1,102,565	1,104,491	(1,926)
Business	803,434	819,539	(16,105)
Operation & Maintenance of Plant	4,194,752	4,095,501	99,251
Pupil Transportation	1,958,568	2,210,742	(252,174)
Central	677,112	578,932	98,180
Operation of Non-Instructional Services	866	2,562	(1,696)
Extracurricular Activities	869,506	945,502	(75,996)
Debt Service			
Principal Retirement	65,000	60,000	5,000
Interest and Fiscal Charges	30,429	34,272	(3,843)
Total	$44,587,785	$46,251,592	($1,663,807)

The expenditures decreased by $1,663,807 or 3.6% compared to the prior year mostly due to staff reductions and buy outs.

The Bond Retirement Fund's fund balance decreased from $1,795,671 to $1,610,767 as a result of tax revenues being slightly less than required principal and interest payments on debt.

The Permanent Improvement Fund increased from $3,398,270 to $3,770,993 so funds could be utilized for summer asphalt projects.

The Building Acquisition and Construction Fund's fund balance decreased from $10,184,410 to $2,179,977. The decrease was the result of ongoing school improvement projects including, the construction of a new intermediate/middle school combination, and additional classroom space for the high school.

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

During the course of fiscal year 2009 the District amended its General Fund budget several times, none significant.

For the General Fund, the final budget revenue was $47.2 million, $2.0 million above original budget estimates of $45.2 million due to increased revenues from the new and replacement levies that were not included in the original estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2009 the District had $112,973,845, net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, $112,089,915 was related to governmental activities and $883,930 to the business-type activities. The following table shows fiscal year 2009 and 2008 balances:

	Governmental Activities		Increase (Decrease)
	2009	2008	
Land	$6,355,496	$6,328,996	$26,500
Land Improvements	4,336,374	3,522,977	813,397
Buildings and Improvements	114,961,895	68,718,709	46,243,186
Furniture, Fixtures and Equipment	15,518,365	13,992,659	1,525,706
Vehicles	2,809,607	2,870,036	(60,429)
Construction in Progress	0	42,953,164	(42,953,164)
Less: Accumulated Depreciation	(31,891,822)	(29,010,953)	(2,880,869)
Totals	$112,089,915	$109,375,588	$2,714,327

	Business-Type Activities 2009	Business-Type Activities 2008	Increase (Decrease)
Furniture and Equipment	$1,598,701	$1,143,896	$454,805
Less: Accumulated Depreciation	(714,771)	(635,285)	(79,486)
Totals	$883,930	$508,611	$375,319

The primary increases occurred in the addition of a new Intermediate/Middle School combination and completion of the additional classrooms space at the high school.

Additional information on the District's capital assets can be found in Note 9.

Debt

At June 30, 2009, the District had $107.8 million in bonds, notes, capital leases, early retirement incentive payable and compensated absences outstanding, $4,600,370 due within one year. The following table summarizes the District's debt outstanding for fiscal year 2009 and 2008:

	2009	2008
Governmental Activities:		
General Obligation Bonds:		
School Improvement	$102,698,813	$105,689,415
Installment Notes Payable	550,000	615,000
Capital Leases Payable	1,595,000	1,675,000
Early Retirement Incentive Payable	120,000	270,000
Compensated Absences	2,795,053	2,901,816
Total Governmental Activities	107,758,866	111,151,231
Business-Type Activities:		
Compensated Absences	45,289	65,088
Totals	$107,804,155	$111,216,319

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property with certain exceptions. One such exception is to receive a special needs district certification from the Superintendent of Public Instruction. The District was certified as a special needs district on June 29, 2005 and as a result may incur net indebtedness by issuance of securities in an amount that does not exceed 9% of the projected increase of its tax valuation during the next ten years. Additional information on the District's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The District relies on its property taxes and State Foundation Funds to provide the funds necessary to maintain its educational programs. The Marysville School district continues to grow with an average 2% growth rate per year. This year's growth brought the total school population to over 5,600 students. Our graduating class in 2002 was the last class under 300.

Union County is one of the fastest growing counties in Ohio and Marysville is one of the fastest growing cities in Ohio. We have had eight new housing developments in the past six years. Marysville industrial and commercial tax base is increasing with an addition to the Scotts facility and a New Lowe's store.

House Bill 66, passed in 2005, phases out the tax on tangible personal property of general business, telephone and railroads. The tax on general business and railroad property will be eliminated by 2009 and the tax on telephone by 2011. The tax is phased out by reducing the assessment rate on the property each year. The loss and replacement of the tangible personal property revenues has been calculated by the Ohio Department of Taxation using 2004 as the base year. The base year amount is the amount of property tax revenue lost when the tax has been fully phased out. School districts are being "held harmless" and reimbursed for lost revenue in the first five years; in the following seven years, the reimbursements are phased out. Even with the direct reimbursement, a District will see no growth from tangible personal property revenues since the payment is calculated on a 2004 base year.

In November 2009, Marysville Exempted Village School District residents passed a renewal of an existing 6.56 mill levy. This levy does not generate any additional tax dollars.

In conclusion, the Marysville Exempted Village School District has committed itself to financial excellence for many years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Dolores Cramer, Treasurer of Marysville Exempted Village School District.

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Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 8,633,215	$ 191,599	$ 8,824,814
Investments	2,529,000	0	2,529,000
Receivables:			
Taxes	33,166,650	0	33,166,650
Accounts	48,943	10,223	59,166
Intergovernmental	466,517	0	466,517
Interest	19,768	0	19,768
Inventory of Supplies at Cost	0	10,719	10,719
Prepaid Items	74,578	1,227	75,805
Deferred Charges	808,290	0	808,290
Capital Assets:			
Nondepreciable Capital Assets	6,355,496	0	6,355,496
Depreciable Capital Assets, Net	105,734,419	883,930	106,618,349
Total Capital Assets, Net	112,089,915	883,930	112,973,845
Total Assets	157,836,876	1,097,698	158,934,574
Liabilities:			
Accounts Payable	292,478	62,321	354,799
Accrued Wages and Benefits	4,688,101	101,329	4,789,430
Intergovernmental Payable	1,788,799	108,524	1,897,323
Deferred Revenue - Taxes	30,665,252	0	30,665,252
Accrued Interest Payable	358,692	0	358,692
General Obligation Notes Payable	695,000	0	695,000
Long Term Liabilities:			
Due Within One Year	4,600,370	0	4,600,370
Due in More Than One Year	103,158,496	45,289	103,203,785
Total Liabilities	146,247,188	317,463	146,564,651
Net Assets:			
Invested in Capital Assets, Net of Related Debt	15,009,323	883,930	15,893,253
Restricted For:			
Capital Projects	3,791,886	0	3,791,886
Debt Service	1,286,423	0	1,286,423
Other Purposes	51,901	0	51,901
Unrestricted (Deficit)	(8,549,845)	(103,695)	(8,653,540)
Total Net Assets	$ 11,589,688	$ 780,235	$ 12,369,923

See accompanying notes to the basic financial statements

Statement of Activities
For the Fiscal Year Ended June 30, 2009

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	$ 32,382,919	$ 506,992	$ 1,149,572	$ 0
Support Services:				
Pupils	2,908,822	0	0	0
Instructional Staff	4,355,115	0	193,895	0
Board of Education	26,314	0	0	0
Administration	3,139,272	0	242,811	0
Fiscal Services	1,239,178	0	36,523	0
Business	823,710	0	0	0
Operation and Maintenance of Plant	4,522,068	0	27,116	0
Pupil Transportation	2,126,993	83,047	4,012	33,750
Central	722,379	0	25,014	0
Operation of Non-Instructional Services	159,264	0	132,924	0
Extracurricular Activities	1,142,799	392,873	11,999	0
Interest and Fiscal Charges	5,402,580	0	0	0
Total Governmental Activities	58,951,413	982,912	1,823,866	33,750
Business-Type Activities:				
Food Service	2,108,186	1,472,448	736,450	0
Uniform School Supplies	198,784	152,370	0	0
Special Enterprise-Day Care	347,255	344,380	0	0
Total Business-Type Activities	2,654,225	1,969,198	736,450	0
Totals	$ 61,605,638	$ 2,952,110	$ 2,560,316	$ 33,750

General Revenues
Property Taxes Levied for:
General Purposes
Debt Service
Capital Outlay
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (30,726,355)	$ 0	$ (30,726,355)
(2,908,822)	0	(2,908,822)
(4,161,220)	0	(4,161,220)
(26,314)	0	(26,314)
(2,896,461)	0	(2,896,461)
(1,202,655)	0	(1,202,655)
(823,710)	0	(823,710)
(4,494,952)	0	(4,494,952)
(2,006,184)	0	(2,006,184)
(697,365)	0	(697,365)
(26,340)	0	(26,340)
(737,927)	0	(737,927)
(5,402,580)	0	(5,402,580)
(56,110,885)	0	(56,110,885)
0	100,712	100,712
0	(46,414)	(46,414)
0	(2,875)	(2,875)
0	51,423	51,423
(56,110,885)	51,423	(56,059,462)
21,859,654	0	21,859,654
4,169,611	0	4,169,611
2,415,527	0	2,415,527
26,138,791	0	26,138,791
333,464	0	333,464
698,206	0	698,206
(444,446)	444,446	0
55,170,807	444,446	55,615,253
(940,078)	495,869	(444,209)
12,529,766	284,366	12,814,132
$ 11,589,688	$ 780,235	$ 12,369,923

Balance Sheet
Governmental Funds
June 30, 2009

	General	Bond Retirement	Permanent Improvement	Building Acquisition and Construction
Assets:				
Cash and Cash Equivalents	$ 6,788	$ 1,355,767	$ 3,728,999	$ 2,968,533
Investments	2,529,000	0	0	0
Receivables:				
Taxes	27,172,534	3,005,658	2,988,458	0
Accounts	48,727	0	0	0
Intergovernmental	359,578	0	0	0
Interest	19,768	0	0	0
Interfund Loan Receivable	35	0	0	0
Prepaid Items	51,013	0	23,361	0
Total Assets	$ 30,187,443	$ 4,361,425	$ 6,740,818	$ 2,968,533
Liabilities:				
Accounts Payable	$ 59,872	$ 0	$ 132,612	$ 91,366
Accrued Wages and Benefits	4,518,918	0	0	0
Intergovernmental Payable	1,660,923	46,460	44,524	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue - Taxes	25,415,112	2,704,198	2,792,749	0
Deferred Revenue	12,733	0	0	0
Early Retirement Incentive Payable	120,000	0	0	0
Accrued Interest Payable	0	0	0	2,190
General Obligation Notes Payable	0	0	0	695,000
Compensated Absences Payable	101,370	0	0	0
Total Liabilities	31,888,928	2,750,658	2,969,885	788,556
Fund Balances:				
Reserved for Encumbrances	224,935	0	393,722	853,885
Reserved for Prepaid Items	51,013	0	23,361	0
Reserved for Debt Service	0	1,309,307	0	0
Reserved for Property Taxes	1,757,422	301,460	195,709	0
Unreserved, Undesignated in:				
General Fund (Deficit)	(3,734,855)	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects Funds	0	0	3,158,141	1,326,092
Total Fund Balances	(1,701,485)	1,610,767	3,770,933	2,179,977
Total Liabilities and Fund Balances	$ 30,187,443	$ 4,361,425	$ 6,740,818	$ 2,968,533

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
$ 573,128	$ 8,633,215
0	2,529,000
0	33,166,650
216	48,943
106,939	466,517
0	19,768
0	35
204	74,578
$ 680,487	$ 44,938,706
$ 8,628	$ 292,478
169,183	4,688,101
36,892	1,788,799
35	35
0	30,912,059
8,532	21,265
0	120,000
0	2,190
0	695,000
0	101,370
223,270	38,621,297
45,985	1,518,527
204	74,578
0	1,309,307
0	2,254,591
0	(3,734,855)
411,028	411,028
0	4,484,233
457,217	6,317,409
$ 680,487	$ 44,938,706

Reconciliation of Total Governmental Fund Balances
To Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances		$ 6,317,409
Amounts reported for governmental activities in the statement of net assets are different because		
Capital Assets used in governmental activities are not current resources and therefore are not reported in the funds.		112,089,915
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		268,072
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-Term Notes Payable	(550,000)	
General Obligation Bonds Payable	(97,027,113)	
Deferred Amount on Refunding	2,265,374	
Issuance Premium	(3,171,272)	
Interest Accretion	(4,765,802)	
Deferred Charge for Issuance Costs	808,290	
Capital Leases Payable	(1,595,000)	
Compensated Absences Payable	(2,693,683)	
Accrued Interest Payable	(356,502)	
		(107,085,708)
Net Assets of Governmental Activities		$ 11,589,688

See accompanying notes to the basic financial statements

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Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Bond Retirement	Permanent Improvement	Building Acquisition and Construction
Revenues:				
Local Sources:				
Taxes	$ 21,254,380	$ 3,532,832	$ 2,438,179	$ 0
Tuition	281,289	0	0	0
Transportation Fees	83,047	0	0	0
Investment Earnings	199,906	0	0	136,192
Extracurricular Activities	193,656	0	0	0
Class Materials and Fees	130,611	0	0	0
Intermediate Sources	4,626	660,000	771,666	0
Intergovernmental - State	23,921,329	1,867,158	1,049,768	0
Intergovernmental - Federal	1,820	0	0	0
All Other Revenue	447,962	21,099	12,640	137,653
Total Revenue	46,518,626	6,081,089	4,272,253	273,845
Expenditures:				
Current:				
Instruction	26,025,215	0	434,884	0
Supporting Services:				
Pupils	2,818,808	0	0	0
Instructional Staff	3,299,763	0	785,162	14,664
Board of Education	24,986	0	0	0
Administration	2,716,781	0	291	0
Fiscal Services	1,102,565	55,147	36,277	0
Business	803,434	0	6,744	5,602
Operation and Maintenance of Plant	4,194,752	0	348,258	279
Pupil Transportation	1,958,568	0	1,429	0
Central	677,112	0	0	0
Operation of Non-Instructional Services	866	0	0	0
Extracurricular Activities	869,506	0	0	0
Capital Outlay	0	0	182,307	8,307,832
Debt Service:				
Principal Retirement	65,000	2,720,000	1,275,000	0
Interest and Fiscal Charges	30,429	3,490,846	829,238	21,260
Total Expenditures	44,587,785	6,265,993	3,899,590	8,349,637
Excess (Deficiency) of Revenues Over Expenditures	1,930,841	(184,904)	372,663	(8,075,792)

Other Governmental Funds	Total Governmental Funds
$ 0	$ 27,225,391
0	281,289
0	83,047
0	336,098
271,019	464,675
0	130,611
0	1,436,292
287,182	27,125,437
1,523,293	1,525,113
57,264	676,618
2,138,758	59,284,571
1,159,941	27,620,040
52,435	2,871,243
249,562	4,349,151
0	24,986
245,549	2,962,621
37,552	1,231,541
0	815,780
0	4,543,289
882	1,960,879
27,833	704,945
154,138	155,004
205,255	1,074,761
0	8,490,139
0	4,060,000
0	4,371,773
2,133,147	65,236,152
5,611	(5,951,581)

(Continued)

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Bond Retirement	Permanent Improvement	Building Acquisition and Construction
Other Financing Sources (Uses):				
Sale of Capital Assets	56,877	0	0	0
Transfers In	0	0	0	71,359
Transfers Out	(71,359)	0	0	0
Total Other Financing Sources (Uses)	(14,482)	0	0	71,359
Net Change in Fund Balance	1,916,359	(184,904)	372,663	(8,004,433)
Fund Balances at Beginning of Year	(3,617,844)	1,795,671	3,398,270	10,184,410
Fund Balances End of Year	$ (1,701,485)	$ 1,610,767	$ 3,770,933	$ 2,179,977

See accompanying notes to the basic financial statements

Other Governmental Funds		Total Governmental Funds	
	0		56,877
	0		71,359
	0		(71,359)
	0		56,877
	5,611		(5,894,704)
	451,606		12,212,113
$	457,217	$	6,317,409

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, 2009

Net Change in Fund Balances - Total Governmental Funds		$(5,894,704)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		2,871,063
The effect of disposals of capital assets is to decrease net assets.		(156,736)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(885,667)
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		4,140,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		12,081
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 the governmental funds.		
Compensated Absences	(103,227)	
Early Retirement Incentive	120,000	
Interest Accretion	(1,047,536)	
Amortization of Deferred Loss on Refunding	(107,875)	
Amortization of Deferred Charge for Bond Issuance Costs	(38,490)	
Amortization of Premium on Bond Issuance	151,013	(1,026,115)
Change in Net Assets of Governmental Activities		$ (940,078)

See accompanying notes to the basic financial statements

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Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	$ 19,973,984	$ 21,188,974	$ 21,073,282	$ (115,692)
Tuition	290,000	290,000	281,039	(8,961)
Transportation Fees	65,000	65,000	81,548	16,548
Investment Earnings	225,000	225,000	210,756	(14,244)
Extracurricular Activities	270,000	140,000	180,267	40,267
Class Materials and Fees	220,000	220,000	134,675	(85,325)
Intermediate Sources	4,626	4,626	4,626	0
Intergovernmental - State	22,892,775	23,809,927	23,766,893	(43,034)
Intergovernmental - Federal	0	0	1,820	1,820
All Other Revenue	354,600	356,225	307,419	(48,806)
Total Revenues	44,295,985	46,299,752	46,042,325	(257,427)
Expenditures:				
Current:				
Instruction	25,745,902	26,789,219	26,473,440	315,779
Support Services:				
Pupils	2,850,104	2,895,963	2,853,391	42,572
Instructional Staff	3,435,614	3,447,536	3,386,017	61,519
Board of Education	15,900	23,531	22,791	740
Administration	2,955,046	2,873,593	2,805,638	67,955
Fiscal Services	1,241,707	1,258,692	1,098,061	160,631
Business	865,418	959,984	859,242	100,742
Operation and Maintenance of Plant	4,374,574	4,449,778	4,319,309	130,469
Pupil Transportation	2,025,599	2,082,369	2,032,979	49,390
Central	688,612	716,882	683,641	33,241
Operation of Non-Instructional Services	0	3,500	866	2,634
Extracurricular Activities	990,526	917,693	914,144	3,549
Debt Service:				
Principal Retirement	810,000	810,000	810,000	0
Interest and Fiscal Charges	51,929	51,929	51,788	141
Total Expenditures	46,050,931	47,280,669	46,311,307	969,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,754,946)	(980,917)	(268,982)	711,935

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	51,910	53,061	56,877	3,816
General Obligation Notes Issued	695,000	695,000	695,000	0
Advances In	109,500	109,500	109,346	(154)
Advances Out	(711)	(746)	(746)	0
Refund of Prior Year's Expenditures	8,564	8,564	123,218	114,654
Refund of Prior Year's Receipts	0	(130,991)	(130,991)	0
Total Other Financing Sources (Uses):	864,263	734,388	852,704	118,316
Net Change in Fund Balance	(890,683)	(246,529)	583,722	830,251
Fund Balance at Beginning of Year	1,233,285	1,233,285	1,233,285	0
Prior Year Encumbrances	494,949	494,949	494,949	0
Fund Balance at End of Year	$ 837,551	$ 1,481,705	$ 2,311,956	$ 830,251

See accompanying notes to the basic financial statements

Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities-Nonmajor Enterprise Funds
Assets:	
Current Assets:	
Cash and Cash Equivalents	$ 191,599
Receivables:	
Accounts	10,223
Inventory of Supplies at Cost	10,719
Prepaid Items	1,227
Total Current Assets	213,768
Non Current Assets:	
Capital Assets, Net	883,930
Total Assets	1,097,698
Liabilities:	
Current Liabilities:	
Accounts Payable	62,321
Accrued Wages and Benefits	101,329
Intergovernmental Payable	108,524
Total Current Liabilities	272,174
Long Term Liabilities:	
Compensated Absences Payable	45,289
Total Long Term Liabilities	45,289
Total Liabilities	317,463
Net Assets:	
Invested in Capital Assets, Net of Related Debt	883,930
Unrestricted	(103,695)
Total Net Assets	$ 780,235

See accompanying notes to the basic financial statements

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business-Type Activities-Nonmajor Enterprise Funds
Operating Revenues:	
Sales	$ 1,460,767
Tuition and Fees	496,750
All Other Revenue	7,113
Total Operating Revenues	1,964,630
Operating Expenses:	
Salaries and Wages	894,569
Fringe Benefits	406,737
Contractual Services	52,795
Supplies and Materials	1,207,747
Depreciation	87,579
Other Operating Expense	2,630
Total Operating Expenses	2,652,057
Operating Income (Loss)	(687,427)
Nonoperating Revenue (Expenses):	
Operating Grants	736,450
Loss on Disposal of Capital Assets	(2,168)
Other Nonoperating Revenue	4,568
Total Nonoperating Revenues (Expenses)	738,850
Net Income (Loss) before Contributions	51,423
Capital Contributions	444,446
Change in Net Assets	495,869
Net Assets Beginning of Year	284,366
Net Assets End of Year	$ 780,235

See accompanying notes to the basic financial statements

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business -Type Activities - Nonmajor Enterprise Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	$1,472,511
Cash Received from Tuition and Fee Payments	488,340
Cash Payments for Goods and Services	(991,651)
Cash Payments to Employees for Services and Benefits	(1,326,634)
Net Cash Used for Operating Activities	(357,434)
Cash Flows from Noncapital Financing Activities:	
Repayment of Interfund Loan	(53,564)
Operating Grants Received	522,158
Net Cash Provided by Noncapital Financing Activities	468,594
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Assets	(20,620)
Net Cash Used by Capital and Related Financing Activities	(20,620)
Net Increase in Cash and Cash Equivalents	90,540
Cash and Cash Equivalents at Beginning of Year	101,059
Cash and Cash Equivalents at End of Year	$191,599
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	($687,427)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	87,579
Donated Commodities Used During the Year	214,292
Other Nonoperating Revenue	4,568
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(8,347)
Decrease in Inventory	858
Increase in Prepaid Items	(136)
Increase in Accounts Payable	56,299
Decrease in Accrued Wages and Benefits	(4,927)
Decrease in Intergovernmental Payables	(394)
Decrease in Compensated Absences	(19,799)
Total Adjustments	329,993
Net Cash Used for Operating Activities	($357,434)

Schedule of Noncash Investing, Capital and Financing Activities:
During fiscal year 2009, $214,292 in donated commodities was received from the federal government. During fiscal year 2009, the Food Service Fund received $444,446 of capital assets from governmental funds.

See accompanying notes to the basic financial statements

Statement of Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust Special Trust Fund	Agency Funds
Assets:		
Cash and Cash Equivalents	$ 9,526	$ 163,474
Investments	41,184	0
Receivables:		
Interest	877	0
Total Assets	51,587	163,474
Liabilities:		
Due to Others	0	31,001
Due to Students	0	132,473
Total Liabilities	0	163,474
Net Assets:		
Unrestricted	51,587	0
Total Net Assets	$ 51,587	$ 0

See accompanying notes to the basic financial statements

Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009

	Private Purpose Trust Special Trust Fund
Additions:	
Contributions:	
Sales	$ 2,261
Private Donations	23,940
Total Contributions	26,201
Investment Earnings:	
Interest	1,532
Total Additions	27,733
Deductions:	
Administrative Expenses	2,826
Community Gifts, Awards and Scholarships	3,875
Total Deductions	6,701
Change in Net Assets	21,032
Net Assets at Beginning of Year	30,555
Net Assets End of Year	$ 51,587

See accompanying notes to the basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Marysville Exempted Village School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 240 noncertified and approximately 375 certified teaching personnel and administrative employees providing education to 5,366 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. Based on the foregoing, there were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation – Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (Continued)

The following fund types are used by the District:

Governmental Funds – These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

Bond Retirement Fund – This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Permanent Improvement Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition of major capital assets (other than that financed by proprietary funds).

Building Acquisition and Construction Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than that financed by proprietary funds).

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

Proprietary Funds – The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the Statement of Net Assets. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore are not available to support the District's own programs. The District's only trust fund is a private purpose trust that accounts for scholarship programs for students. The District's agency funds account for various student-managed activity programs, unclaimed funds, and the District's Section 125 Cafeteria Plan. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation.

C. Basis of Presentation and Measurement Focus – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus – Financial Statements (Continued)

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Private purpose trust funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Grants and entitlements must also meet eligibility, timing and any contingency requirements. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Current property taxes measurable at June 30, 2009, and which are not intended to finance fiscal 2009 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2009 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*," the District follows GASB guidance as applicable to proprietary funds, governmental activities, and business-type activities and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The District has elected not to apply FASB statements and interpretations issued after November 30, 1989 to business-type activities and enterprise funds.

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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the general fund is required to be reported. The primary level of budgetary control is at the fund. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. Adoption of a tax budget has been waived by the County Budget Commission.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates.

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Encumbrances are also recorded as the equivalent of an expenditure. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting for governmental funds.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the General Fund:

Net Change in Fund Balance	General Fund
GAAP Basis (as reported)	$1,916,359
Increase (Decrease):	
Accrued Revenues at June 30, 2009, received during FY 2010	(2,172,797)
Accrued Revenues at June 30, 2008, received during FY 2009	1,909,139
Accrued Expenditures at June 30, 2009, paid during FY 2010	6,461,083
Accrued Expenditures at June 30, 2008, paid during FY 2009	(7,261,021)
FY 2008 Prepaids for FY 2009	37,396
FY 2009 Prepaids for FY 2010	(51,013)
Adjustment to Fair Value	17,885
Encumbrances Outstanding	(273,309)
Budget Basis	$583,722

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, investments with original maturities of three months or less, Federated Money Market Accounts and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio and money market accounts are very liquid investments and are reported as cash equivalents in the basic financial statements.

The District pools its cash for resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) and money market investments that had a remaining maturity of one year or less at the time of purchase, which are reported at cost or amortized cost.

The District has invested funds in STAR Ohio during 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2009. See Note 4, "Cash, Cash Equivalents and Investments."

H. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used. On fund financials, inventories of proprietary funds are stated at the lower of cost or market and are expensed when used. For all funds, cost is determined using the FIFO method, and are determined by physical count.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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 year in which services are consumed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000.

1. Property, Plant and Equipment – Governmental Activities

Governmental activities capital assets are those not directly related to the business-type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business-Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost). Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Land Improvements	10-20
Buildings and Improvements	50
Furniture, Fixtures and Equipment	5-20
Vehicles	8

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund
Energy Conservation Project	General Fund
Early Retirement Incentive	General Fund
Compensated Absences	General Fund, Food Services Fund and Day Care Fund, Special Revenue Funds
Capital Leases Payable	Permanent Improvement Fund

L. Compensated Absences

In accordance with GASB Statement No. 16, “Accounting for Compensated Absences,” vacation benefits are accrued as a liability when an employee’s right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 248 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave. The noncurrent portion of the liability is not reported in the fund financial statements. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District did not have net assets restricted by enabling legislation at June 30, 2009.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

O. Interfund Activity

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, debt service, and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under the GAAP basis, but not available for appropriations under state statute.

Q. Estimates

The preparation of the 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 could differ from those estimates.

R. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and tuition and fees for day care and uniform school supplies. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	$6,526,181
Depreciation Expense	(3,655,118)
	$2,871,063

Governmental revenues not reported in the funds:

Decrease in Delinquent Tax Revenue	($216,891)
Decrease in Investment Earnings	(2,634)
Decrease in Grants Receivable	(666,142)
	($885,667)

Net amount of long-term debt issuance and bond and lease principal payments:

Bond Principal Payment	$3,995,000
Energy Conservation Project	65,000
Capital Lease Payment	80,000
	$4,140,000

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits **-** The fund deficit at June 30, 2009 of $1,701,485 in the General Fund arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The fund deficit of $46,925 in Special Enterprise-Day Care Fund (enterprise funds) arose from the recognition of expenses on the accrual basis which are greater than expenses on the cash basis.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by the General, Building Acquisition and Construction, and Special Trust funds. The District has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Treasurer to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

- Interim deposits in eligible institutions applying for interim funds;

- Bonds and other obligations of the State of Ohio;

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and

- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was $700,933 and the bank balance was $862,667. Federal depository insurance covered $297,184 of the bank balance and $565,483 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	$565,483
Total Balance	$565,483

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NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2009 were as follows:

			Investment Maturities (in Years)		
	Fair Value	Credit Rating	less than 1	1-3	3-5
STAR Ohio	$451,510	AAAm [1]	$451,510	$0	$0
Money Market Funds	7,886,555	AAA [1]	7,886,555	0	0
FNMA*	1,015,630	AAA [1], Aaa [2]	0	0	1,015,630
FHLB*	510,470	AAA [1], Aaa [2]	0	0	510,470
FHLMC*	1,002,900	AAA [1], Aaa [2]	0	1,002,900	0
Total Investments	$10,867,065		$8,338,065	$1,002,900	$1,526,100

[1] Standard & Poor's
[2] Moody's Investor Service
* Call dates are: FNMA–November 2, 2009; FHLB–February 24, 2010; FHLMC–March 18, 2010

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District's policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific obligation or debt of the District, investments of the District will be limited to those maturing in five years or less from the date of the settlement.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 9.4% are FNMA, 4.7% are FHLB, and 9.2% are FHLMC.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for "interim" funds described previously.

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2009 were levied in April 2008 on assessed values as of January 1, 2008, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 2007. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 6.25 percent of its true value. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20. House Bill 66, passed in 2005, phases out the tax on tangible personal property of general business, telephone and railroads. The tax on general business and railroad property will be eliminated by 2009 and the tax on telephone by 2011. The tax is phased out by reducing the assessment rate on the property each year. The loss and replacement of the tangible personal property revenues has been calculated by the Ohio Department of Taxation using 2004 as the base year. The base year amount is the amount of property tax revenue lost when the tax has been fully phased out. School districts are being “held harmless” and reimbursed for lost revenue in the first seven years; in the following five years, the reimbursements are phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Marysville Exempted Village School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2009, upon which the 2008 levies were based, were as follows:

	Assessed Values for Collection in:	
	2008 Second Half	2009 First Half
Agricultural/Residential and Other Real Estate	$647,898,550	$652,650,370
Public Utility Personal	34,785,750	35,623,300
Tangible Personal Property	49,496,270	49,496,270
Total Assessed Value	$732,180,570	$737,769,940
Tax rate per $1,000 of assessed valuation	$54.06	$58.06

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 6 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts, intergovernmental, and interest receivables.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Following is a summary of interfund receivables and payables for all funds at June 30, 2009:

	Interfund Loans Receivables	Interfund Loans Payables
General Fund	$35	$0
Nonmajor Governmental Funds	0	35
Totals	$35	$35

The Interfund Loan is a short-term loan to cover temporary cash deficits.

NOTE 8 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for fiscal year 2009:

Fund	Transfers In	Transfers Out
General Fund	$0	$71,359
Building Acquisition and Construction Fund	71,359	0
Total All Funds	$71,359	$71,359

Transfers were used to provide additional resources for capital projects.

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NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2009:

Historical Cost:

Class	June 30, 2008	Additions	Deletions	June 30, 2009
Capital Assets not being depreciated:				
Land	$6,328,996	$26,500	$0	$6,355,496
Construction in Progress	42,953,164	0	(42,953,164)	0
Subtotal	49,282,160	26,500	(42,953,164)	6,355,496
Capital Assets being depreciated:				
Land Improvements	3,522,977	813,397	0	4,336,374
Buildings and Improvements	68,718,709	46,243,186	0	114,961,895
Furniture, Fixtures and Equipment	13,992,659	2,283,210	(757,504)	15,518,365
Vehicles	2,870,036	113,052	(173,481)	2,809,607
Subtotal	89,104,381	49,452,845	(930,985)	137,626,241
Total Cost	$138,386,541	$49,479,345	($43,884,149)	$143,981,737

Accumulated Depreciation:

Class	June 30, 2008	Additions	Deletions	June 30, 2009
Land Improvements	($2,281,221)	($187,020)	$0	($2,468,241)
Buildings and Improvements	(15,188,061)	(2,304,603)	0	(17,492,664)
Furniture, Fixtures and Equipment	(10,121,009)	(918,479)	647,320	(10,392,168)
Vehicles	(1,420,662)	(245,016)	126,929	(1,538,749)
Total Depreciation	($29,010,953)	($3,655,118) *	$774,249	($31,891,822)
Net Value:	$109,375,588			$112,089,915

* Depreciation expenses were charged to governmental functions as follows:

Instruction	$2,563,587
Support Services:	
Pupils	27,320
Instructional Staff	530,563
Board of Education	1,328
Administration	118,736
Fiscal Services	8,103
Business	10,831
Operations & Maintenance of Plant	62,848
Pupil Transportation	243,941
Central	69
Operation of Non-Instructional Services	6,499
Extracurricular Activities	81,293
Total Depreciation Expense	$3,655,118

NOTE 9 - CAPITAL ASSETS (Continued)

A. Governmental Activities Capital Assets (Continued)

At June 30, 2009 the District had two buildings which were not being utilized due to the opening of the new middle school building during the year. The old middle school building is scheduled to be renovated and reopened in a few years and the East Elementary building will be reopened if necessary due to increased student enrollment or changes in the Kindergarten program. The carrying value of these two buildings at year end were $3,161,407 and $984,146, respectively.

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2009:

Historical Cost:

Class	June 30, 2008	Additions	Deletions	June 30, 2009
Furniture and Equipment	$1,143,896	$465,066	($10,261)	$1,598,701
Total Cost	$1,143,896	$465,066	($10,261)	$1,598,701

Accumulated Depreciation:

Class	June 30, 2008	Additions	Deletions	June 30, 2009
Furniture and Equipment	($635,285)	($87,579)	$8,093	($714,771)
Total Depreciation	($635,285)	($87,579)	$8,093	($714,771)
Net Value:	$508,611			$883,930

NOTE 10- DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. School Employee Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employee Retirement System (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $803,751, $782,646 and $749,203 respectively, which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

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

NOTE 10- DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were $3,031,604, $3,075,239 and $2,913,411 respectively; which were equal to the required contributions for each year. Contributions to the DC and Combined Plans for fiscal year 2009 were $49,935 made by the District and $108,637 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employee Retirement System (Continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was $35,800.

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

The District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $483,651, $512,121, and $359,420 respectively; which were equal to the required contributions for each year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District’s contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were $66,979, $56,392, and $50,946 respectively; which were equal to the required contributions for each year.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $233,200, $236,557, and $224,109 respectively; which were equal to the required contributions for each year.

NOTE 12 - NOTES PAYABLE

Notes Payable activity of the District for the year ended June 30, 2009, was as follows:

Note Payable		Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Energy Conservation Note	2.875%	$745,000	$0	($745,000)	$0
Energy Conservation Note	2.875%	0	695,000	0	695,000
		$745,000	$695,000	($745,000)	$695,000

NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the bonds, energy conservation project, compensated absences, early retirement incentive, and capital leases of the District for the year ended June 30, 2009 is as follows:

		Balance June 30, 2008	Issued	(Retired)	Balance June 30, 2009	Due Within One Year
Governmental Activities						
(General Obligation Bonds)						
Refunding New Elementary	3.4-5.15%	$6,757,973	$0	($335,000)	$6,422,973	$610,000
Fifth/Sixth Elementary	5.79%	1,454,222	0	(120,000)	1,334,222	175,000
New Elementary and Middle School	4.35-5.375%	884,995	0	(210,000)	674,995	215,000
Refunding Fifth/Sixth Elementary	3.60%	12,154,974	0	(215,000)	11,939,974	220,000
Refunding New High School	1.2-14.16%	1,284,999	0	(710,000)	574,999	465,000
Refunding School Improvement	3.25-5%	39,039,966	0	(1,275,000)	37,764,966	1,325,000
School Improvement/Refunding	3.5-5%	39,444,984	0	(1,130,000)	38,314,984	1,220,000
		101,022,113	0	(3,995,000)	97,027,113	4,230,000
Premium on Bonds		3,322,285	0	(151,013)	3,171,272	0
Deferred Amount on Refunding		(2,373,249)	0	107,875	(2,265,374)	0
Interest Accretion		3,718,266	1,047,536	0	4,765,802	0
Total General Obligation Bonds		105,689,415	1,047,536	(4,038,138)	102,698,813	4,230,000
Energy Conservation Project	3.4-4.85%	615,000	0	(65,000)	550,000	65,000
Compensated Absences		2,901,816	866,673	(973,436)	2,795,053	101,370
Early Retirement Incentive		270,000	0	(150,000)	120,000	120,000
Capital Leases Payable		1,675,000	0	(80,000)	1,595,000	84,000
Total Governmental Activities		$111,151,231	$1,914,209	($5,306,574)	$107,758,866	$4,600,370
Business-Type Activities						
Compensated Absences		$65,088	$22,454	($42,253)	$45,289	$0
Total Business-Type Activities		$65,088	$22,454	($42,253)	$45,289	$0

NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2009, follows:

	General Obligation Bonds		Energy Conservation Project		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest
2010	$4,230,000	$4,171,710	$65,000	$26,431	$4,295,000	$4,198,141
2011	4,314,998	4,188,895	70,000	22,280	4,384,998	4,211,175
2012	3,966,509	4,154,245	75,000	18,309	4,041,509	4,172,554
2013	3,129,497	5,011,949	80,000	14,550	3,209,497	5,026,499
2014	3,129,680	5,002,345	85,000	16,975	3,214,680	5,019,320
2015-2019	14,594,089	26,114,867	175,000	2,183	14,769,089	26,117,050
2020-2024	21,762,340	18,981,061	0	0	21,762,340	18,981,061
2025-2029	34,495,000	6,026,657	0	0	34,495,000	6,026,657
2030	7,405,000	171,875	0	0	7,405,000	171,875
Totals	$97,027,113	$73,823,604	$550,000	$100,728	$97,577,113	$73,924,332

B. Defeased Debt

In December 1993, the District defeased $6,165,000 of General Obligation Bonds for the High School Building, dated April 1, 1990, through the issuance of $6,084,999 of General Obligation Bonds for the High School Building. The net proceeds of the 1993 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $1,240,000 at June 30, 2009, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In March 2001, the District defeased $7,669,538 of General Obligation Bonds for the New Elementary Additions, dated October 1, 1995, through the issuance of $7,667,973 of General Obligation Bonds for the New Elementary Additions. The net proceeds of the 2001 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $6,254,538 at June 30, 2009, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

B. Defeased Debt (Continued)

In March 2002, the District defeased $13,335,000 of General Obligation Bonds for the Fifth/Sixth Elementary Building, dated March 1, 2000, through the issuance of $13,334,974 of General Obligation Bonds for the Fifth/Sixth Elementary Building. The net proceeds of the 2002 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $13,335,000 at June 30, 2009, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In September 2005, the District defeased $41,425,000 of Certificates of Participation for School Improvements, dated March 2, 2005, through the issuance of $40,284,966 of General Obligation Bonds for School Improvements. The net proceeds of the 2005 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded certificates. The refunded certificates, which have an outstanding balance of $39,455,000 at June 30, 2009, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

In February 2006, the District defeased $12,350,000 of General Obligation Bonds for New Elementary and Raymond Middle School Improvements, dated December 1, 2000, through the issuance of $12,349,984 of General Obligation Bonds for School Improvements. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of $12,350,000 at June 30, 2009, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

C. Early Retirement Incentive

During 2008, the Board of Education offered early retirement/buyout incentives at various levels to nonteaching employees who were on Step 12 or higher on the salary schedule or who were eligible to retire under SERS and to certified employees who had passed the incentive time lines afforded them in their negotiated agreement. The incentives were offered for various limited time periods. Sixteen employees elected to receive incentives for a total of $330,000. Of this total, $60,000 was paid in fiscal year 2008 and $150,000 was paid in the current fiscal year. The remaining $120,000 has been recorded as a liability at June 30, 200 to be paid in January of 2010.

NOTE 14 - CAPITALIZED LEASES

The District leases building and land improvements under capital leases. The cost of the capital assets obtained under capital leases is $2,016,000 which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2009:

Year Ending June 30,	Capital Leases
2010	$155,413
2011	154,692
2012	155,735
2013	155,514
2014	155,070
2015-2019	618,501
2020-2023	772,977
Minimum Lease Payments	2,167,902
Less: Amount representing interest at the District's incremental borrowing rate of interest	(572,902)
Present Value of minimum lease payments	$1,595,000

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2009 the District contracted with Ohio Casualty Insurance Company for various insurance coverages, as follows:

Coverage	Deductible	Aggregate
Fleet Insurance	$500/Comprehensive $500/Collision	$1,000,000
Buildings and Contents	$1,000	$185,590,834
School District Liability	$0	$2,000,000
Employee Benefits Liability	$1,000	$2,000,000
School Leaders Errors and Omissions	$2,500	$1,000,000
Umbrella Policy	$0	$5,000,000
Crime	$1,000	$100,000
Inland Marine	$500	$1,273,792
Computers	$500	$5,136,962

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per $100 of payroll. The rate is determined based on accident history and administrative costs.

NOTE 16 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2009, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Total
Set-aside Cash Balance as of June 30, 2008	$0	$0	$0
Current Year Set-Aside Requirement	837,248	837,248	1,674,496
Qualifying Disbursements	(889,405)	(2,833,264)	(3,722,669)
Total	($52,157)	($1,996,016)	($2,048,173)
Cash Balance Carried Forward to FY 2010	$0	$0	$0

Although the District had offsets and qualifying disbursements during the year that reduced the capital set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. The District has elected not to use extra textbook amounts to reduce set-aside requirements for future years.

NOTE 17 – CONSTRUCTION COMMITMENTS

As of June 30, 2009, the District had the following commitment with respect to capital projects:

Capital Projects	Amount Remaining	Estimated Date of Completion
New Intermediate/Middle School Architect Fees	$49,823	August 2008
New Intermediate/Middle School Site Work	63,102	August 2009
New Intermediate/Middle School	136,126	August 2008
High School Addition Architect Fees	94,747	August 2008
High School Addition Site Work	92,819	August 2008
High School Addition Construction Construction Manager Fees	5,000	August 2008
High School Addition	273,102	August 2008
Middle School Renovation Architect Fees	107,177	To be determined

NOTE 18 - CONTINGENCIES

The District receives 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Award Receipts	Award Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
(Passed Through Ohio Department of Education)				
Child Nutritional Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	$ 214,292	$ 214,292
Cash Assistance				
National School Breakfast Program	09-PU	10.553	74,123	74,123
National School Lunch Program	09-PU	10.555	434,936	434,936
Total Nutrition Cluster			723,351	723,351
Total U.S. Department of Agriculture			723,351	723,351
U.S. DEPARTMENT OF EDUCATION				
(Passed Through Ohio Department of Education)				
Title I Grants to Local Educational Agencies	C1-S1	84.010	544,961	508,494
Special Education Cluster:				
Special Education - Grants to States	6B-SF	84.027	934,607	860,406
Special Education - Preschool Grants	PG-S1	84.173	9,038	9,038
Total Special Education Cluster			943,645	869,444
Safe and Drug-Free Schools and Communities	DR-S1	84.186	18,793	19,102
State Grants for Innovative Programs	C2-S1	84.298	13,486	13,104
Education Technology State Grants	TJ-S1	84.318	3,268	3,268
Improving Teacher Quality State Grants	TR-S1	84.367	182,824	159,037
Integrated Education Systems	N/A	84.323	-	11,669
Total U.S. Department of Education			1,706,977	1,584,118
U.S. DEPARTMENT OF HOMELAND SECURITY				
Disaster Grants - Public Assistance	N/A	97.036	750	750
Total U.S. Department of Homeland Security			750	750
TOTAL FEDERAL AWARD PROGRAMS			$ 2,431,078	$ 2,308,219

See accompanying notes to the Schedule of Expenditures of Federal Awards.

1. **Significant Accounting Policies:**
   The accompanying schedule of expenditures of federal awards is a summary activity of all federal awards programs of the Marysville Exempted Village School District. The schedule has been prepared on the cash basis of accounting.

2. **U.S. Department of Agriculture Programs:**
   Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2009 the District had no significant food commodities in inventory.

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

Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Marysville Exempted Village School District (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 18, 2009

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

Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

Compliance

We have audited the compliance of the Marysville Exempted Village School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

A *material weakness* is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 18, 2009

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	None noted

Identification of major programs:

CFDA 84.010 – Title I Grant

Special Education Cluster:
CFDA 84.027 – Special Education Grants to States
CFDA 84.173 – Special Education – Preschool Grants

Dollar threshold to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

Finding 2008-001: Audit Adjustments
During the course of our audit, we identified certain capital asset additions (construction in progress) that were not initially identified by the District in the preparation of the financial statements. Audit adjustments were required to correct the amounts reported in Building Acquisition and Construction capital project fund financial statements as well as the amount capitalized for construction in progress in the Governmental Activities.

The District is responsible for instituting internal controls to ensure the financial statements are accurate and complete; the annual audit process can not be considered part of the District's internal control over financial reporting.

The District should closely review the annual financial report prepared to ensure all transactions and account balances are accurately reported.

Status: Corrected – No Audit Adjustments Required for Current Year

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Education
Marysville Exempted Village School District
1000 Edgewood Drive
Marysville, Ohio 43040

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on July 31, 1995; which was most recently amended on December 17, 2007.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

(1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

(2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

(3) A procedure for reporting prohibited incidents;

(4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

(5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," Stat. 571, 20 O.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.

(6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.

(10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 18, 2009

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Mary Taylor, CPA
Auditor of State

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 26, 2010

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