



Dave Yost • Auditor of State



**Pymatuning Valley Local School District**

*Cash Basis Financial Report*

*For the Fiscal Year Ended June 30, 2011*

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Pymatuning Valley Local School District  
Ashtabula County  
5571 U.S. Route 6 West  
Andover, Ohio 44003

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pymatuning Valley Local School District, Ashtabula County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

As further described in Note 3 to the basic financial statements, the District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pymatuning Valley Local School District, Ashtabula County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General Fund and Classroom Facilities Maintenance Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the 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. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

December 6, 2011

**Pymatuning Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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This discussion and analysis of the Pymatuning Valley Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole, readers should also review the basic financial statements and the notes to the basic financial statement to enhance their understanding of the School District's financial performance.

### **Highlights**

Key highlights for fiscal year 2011 are as follows:

On May 4, 2010, the tax payers approved the transfer of Pierpont Township from the Buckeye Local School District to the Pymatuning Valley Local School District. This was effective as of July 1, 2010. The School District had an increase in enrollment and property tax revenue due to the transfer.

Certificated and classified employees received no increase in base salary, but received step increases as per the negotiated contracts. Certificated step increases average 3 percent and classified step increases average 1 to 2 percent. The School District was able to make cuts for fiscal year 2011 through attrition. Two positions were not filled for fiscal year 2011.

The School District made changes to employee's health care plan during the fiscal year. This change created a network of health care providers employees can choose from. Previously, employees had no limitations on health care providers. This saved the School District approximately \$300,000.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Pymatuning Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, all School District activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance, pupil transportation, operation of food service and extracurricular activities.

**Reporting the School District's Most Significant Funds**

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the School District are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs. The School District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the general fund, the classroom facilities maintenance special revenue fund and the bond retirement debt service fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**Pymatuning Valley Local School District**  
*Management's Discussion and Analysis*  
For the Year Ended June 30, 2011  
Unaudited

Proprietary Funds – When the School District charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The School District has no enterprise funds. When the services are provided to other departments of the School District, the service is reported as an internal service fund. The School District has one internal service fund, for self insurance.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the School District-wide financial statements because the resources of these funds are not available to support the School District's programs.

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2011	2010	Change
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,245,004	\$3,569,416	(\$324,412)
Cash and Cash Equivalents with Fiscal Agents	1,139,872	1,658,232	(518,360)
<b>Total Assets</b>	<b>\$4,384,876</b>	<b>\$5,227,648</b>	<b>(\$842,772)</b>
<b>Net Assets</b>			
Restricted for:			
Capital Outlay	\$436,187	\$978,256	(\$542,069)
Debt Service	902,269	805,680	96,589
Unclaimed Monies	12,938	0	12,938
Set Asides	598,692	0	598,692
Other Purposes	770,695	706,573	64,122
Unrestricted	1,664,095	2,737,139	(1,073,044)
<b>Total Net Assets</b>	<b>\$4,384,876</b>	<b>\$5,227,648</b>	<b>(\$842,772)</b>

The large decrease in both cash and net assets can be attributed to the investment of new technology. The School District invested in lighting, buses and a new Thin Client server system.

Table 2 shows the change in net assets for the year ended June 30, 2011 for governmental activities. Since it is the first year the School District has prepared a statement of activities following a cash basis of accounting, revenue and expense comparisons to fiscal year 2010 are not available. In future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

**Pymatuning Valley Local School District**  
*Management's Discussion and Analysis*  
For the Year Ended June 30, 2011  
Unaudited

	Governmental Activities
	2011
<b>Receipts</b>	
<i>Program Receipts:</i>	
Charges for Services and Sales	\$623,798
Operating Grants and Contributions	1,543,094
Total Program Revenues	2,166,892
<i>General Receipts:</i>	
Property Taxes	4,006,390
Grants and Entitlements	7,604,774
Sale of Capital Assets	44,160
General Obligation Bonds Issued	718,250
Interest	42,929
Miscellaneous	25,505
Total General Revenues	12,442,008
Total Receipts	14,608,900
<b>Disbursements</b>	
Instruction	
Regular	5,710,021
Special	1,467,164
Vocational	224,878
Student Intervention Services	112,496
Support Services:	
Pupil	778,891
Instructional Staff	59,071
Board of Education	23,404
Administration	1,057,133
Fiscal	325,538
Business	40,621
Operation and Maintenance of Plant	1,461,154
Pupil Transportation	1,337,436
Central	75,145
Operation of Non Instructional Services	587,008
Extracurricular Activities	434,221
Capital Outlay	1,013,103
Debt Service	744,388
Total Disbursements	15,451,672
Decrease in Net Assets	(842,772)
Net Assets Beginning of Year	5,227,648
Net Assets End of Year	\$4,384,876

Grants and entitlements are the School District's largest source of receipts, followed by property taxes. The School District carefully monitors both these receipts and uses both a five year forecast and a spending plan to predict future receipts and disbursements of the School District.

**Pymatuning Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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During fiscal year 2011, the School District sold the Peirpont Elementary building that was received after the annex of the Peirpont Township into the School District. The proceeds of this sale are shown above as sale of capital assets.

Some of the significant disbursements during fiscal year 2011 were in the categories of regular instruction and capital outlay. Regular instruction disbursements are primarily salary and benefit costs for the School District's teachers. As mentioned earlier, salary and benefit costs were increased due to step increases.

Capital outlay disbursements were related to House Bill 264 energy efficiency improvements, the purchase of new buses and the new Thin client server. The School District made lighting updates throughout the school buildings through the House Bill 264 program. Two new buses were purchased to replace 2 buses from the School District's aging fleet.

The School District invested in a Thin Client system which updates the School District's computer networks. With this system a server or server farm processes applications and information, sending screens to the thin client desktop over a network connection so that it appears to the employee as though everything were executing locally. This system delivers applications such as Microsoft Office to the desktop, rather than installing it at each desktop. All information will now be centrally stored.

**Governmental Activities**

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for instruction and capital outlay. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost of Service	Net Cost of Service
	2011	2011
Instruction	\$7,514,559	\$6,209,652
Support Services:		
Pupil and Instructional Staff	837,962	828,796
Board of Education, Administration, Fiscal and Business	1,446,696	1,401,865
Operation and Maintenance of Plant	1,461,154	1,415,522
Pupil Transportation	1,337,436	1,337,436
Central	75,145	68,320
Operation of Non Instructional Services	587,008	9,859
Extracurricular Activities	434,221	255,839
Capital Outlay	1,013,103	1,013,103
Debt Service	744,388	744,388
Total Expenses	<u>\$15,451,672</u>	<u>\$13,284,780</u>

**Pymatuning Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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**The School District's Funds**

Information about the School District's major funds starts on page 13. All governmental funds had total revenues of \$13,809,762, disbursements of \$14,896,584, and other financing sources and uses of \$762,410. The net change in fund balance for the year was a decrease of \$324,412. The general fund, classroom facilities maintenance special revenue fund and bond retirement fund all had increases in fund balance partly due to increases in property tax revenue. The increase can be contributed to the township of Pierpont joining the School District. Other governmental funds showed a deficit in spending during the current year due to the School District disbursing funds for various capital outlays during the fiscal year.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During 2011, the School District amended its general fund budget several times to allow for changes to the budget.

For the general fund, the final budget estimate was \$11,198,110, below original budget estimates of \$11,223,243. Of this \$25,133 difference, most was due to conservative estimates for taxes and intergovernmental revenues.

The original appropriations estimate of, \$11,430,876 were lower than the final appropriations of \$12,007,557. Expenditures, however, were only \$11,221,753 or \$785,804 less than anticipated. This \$785,804 difference is due to the fact that the School District did not spend what it anticipated in almost every expenditure category.

**Capital Assets and Debt Administration**

Capital Assets

The School District maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

Debt

At June 30, 2011, the School District's outstanding debt of \$7,038,250 in general obligation bonds issued for improvements to buildings and structures. For further information regarding the School District's debt, refer to Note 13 of the basic financial statements.

**Current Issues**

The School District is currently in negotiations with their teacher's union regarding a new contract. The Classified staff was able to come to an agreement with the School District for fiscal year 2012. The classified staff will receive a one percent stipend along with step increases.

School districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Management must plan expenses accordingly, staying within the School District's five-year plan. The Board of Education all ways keeps the students as their number one priority when making all planning decisions.

**Pymatuning Valley Local School District**  
*Management's Discussion and Analysis*  
*For the Year Ended June 30, 2011*  
*Unaudited*

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In conclusion, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our parents, citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Patricia Smith, Treasurer at Pymatuning Valley Local School District, 5571 Route 6 W, Andover, Ohio 44003.

**Pymatuning Valley Local School District**

*Statement of Net Assets - Cash Basis*

*June 30, 2011*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,245,004
Cash and Cash Equivalents with Fiscal Agents	<u>1,139,872</u>
<i>Total Assets</i>	<u><u>\$4,384,876</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$436,187
Debt Service	902,269
Unclaimed Monies	12,938
Set Asides	598,692
Other Purposes	770,695
Unrestricted	<u>1,664,095</u>
<i>Total Net Assets</i>	<u><u>\$4,384,876</u></u>

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**

*Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2011*

	Program Cash Receipts		Net (Expense) Revenue and Changes in Net Assets	
Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$5,710,021	\$276,947	\$553,403	(\$4,879,671)
Special	1,467,164	0	363,055	(1,104,109)
Vocational	224,878	0	0	(224,878)
Student Intervention Services	112,496	0	111,502	(994)
Support Services:				
Pupil	778,891	0	8,166	(770,725)
Instructional Staff	59,071	0	1,000	(58,071)
Board of Education	23,404	0	0	(23,404)
Administration	1,057,133	0	44,831	(1,012,302)
Fiscal	325,538	0	0	(325,538)
Business	40,621	0	0	(40,621)
Operation and Maintenance of Plant	1,461,154	550	45,082	(1,415,522)
Pupil Transportation	1,337,436	0	0	(1,337,436)
Central	75,145	0	6,825	(68,320)
Operation of Non-Instructional Services	587,008	167,919	409,230	(9,859)
Extracurricular Activities	434,221	178,382	0	(255,839)
Capital Outlay	1,013,103	0	0	(1,013,103)
Debt Service	744,388	0	0	(744,388)
<b>Totals</b>	<b>\$15,451,672</b>	<b>\$623,798</b>	<b>\$1,543,094</b>	<b>(13,284,780)</b>
<b>General Receipts</b>				
Property Taxes Levied for:				
			3,389,692	
			567,861	
			48,837	
Grants and Entitlements not Restricted				
			7,604,774	
			44,160	
			718,250	
			42,929	
			25,505	
			<u>12,442,008</u>	
				(842,772)
				<u>5,227,648</u>
				<u>\$4,384,876</u>

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2011*

	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$497,975	\$417,028	\$902,269	\$829,040	\$2,646,312
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	598,692	0	0	0	598,692
<i>Total Assets</i>	<u>\$1,096,667</u>	<u>\$417,028</u>	<u>\$902,269</u>	<u>\$829,040</u>	<u>\$3,245,004</u>
<b>Fund Balances</b>					
Restricted	\$701,444	\$417,028	\$902,269	\$789,854	\$2,810,595
Committed	1,728	0	0	39,186	40,914
Assigned	91,134	0	0	0	91,134
Unassigned	302,361	0	0	0	302,361
<i>Total Fund Balances</i>	<u>\$1,096,667</u>	<u>\$417,028</u>	<u>\$902,269</u>	<u>\$829,040</u>	<u>\$3,245,004</u>

See accompanying notes to the basic financial statements



**Pymatuning Valley Local School District**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*June 30, 2011*

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<b>Total Governmental Funds Balances</b>	\$3,245,004
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*Amounts reported for governmental activities in the  
statement of net assets are different because*

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

	<u>1,139,872</u>
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<i>Net Assets of Governmental Activities</i>	<u><u>\$4,384,876</u></u>
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See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*

*Governmental Funds*

*For the Fiscal Year Ended June 30, 2011*

	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property Taxes	\$3,389,692	\$48,837	\$567,861	\$0	\$4,006,390
Intergovernmental	7,483,410	45,083	121,364	1,489,195	9,139,052
Interest	5,469	0	0	732	6,201
Tuition and Fees	276,947	0	0	0	276,947
Extracurricular Activities	28,455	0	0	139,855	168,310
Contributions and Donations	0	0	0	8,816	8,816
Charges for Services	10,072	0	0	167,919	177,991
Rentals	550	0	0	0	550
Miscellaneous	22,005	0	0	3,500	25,505
<i>Total Receipts</i>	<u>11,216,600</u>	<u>93,920</u>	<u>689,225</u>	<u>1,810,017</u>	<u>13,809,762</u>
<b>Disbursements</b>					
Current:					
Instruction:					
Regular	4,924,890	0	0	550,717	5,475,607
Special	1,039,496	0	0	367,386	1,406,882
Vocational	214,220	0	0	0	214,220
Student Intervention Services	9,726	0	0	102,770	112,496
Support Services:					
Pupil	721,364	0	0	46,869	768,233
Instructional Staff	58,596	0	0	475	59,071
Board of Education	23,404	0	0	0	23,404
Administration	936,128	0	0	60,001	996,129
Fiscal	306,768	1,197	0	6,027	313,992
Business	40,621	0	0	0	40,621
Operation and Maintenance of Plant	1,055,368	75,426	0	289,173	1,419,967
Pupil Transportation	1,253,562	0	0	0	1,253,562
Central	72,145	0	0	3,000	75,145
Operation of Non-Instructional Services	23,874	0	0	521,669	545,543
Extracurricular Activities	307,977	0	0	126,244	434,221
Capital Outlay	0	0	0	1,013,103	1,013,103
Debt Service:					
Principal Retirement	119,570	0	226,586	0	346,156
Interest and Fiscal Charges	32,182	0	297,568	0	329,750
Accretion on Capital Appreciation Bonds	0	0	68,414	0	68,414
Issuance Costs	0	0	68	0	68
<i>Total Disbursements</i>	<u>11,139,891</u>	<u>76,623</u>	<u>592,636</u>	<u>3,087,434</u>	<u>14,896,584</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>76,709</u>	<u>17,297</u>	<u>96,589</u>	<u>(1,277,417)</u>	<u>(1,086,822)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	0	0	0	44,160	44,160
General Obligation Bonds Issued	0	0	0	718,250	718,250
Transfers In	0	0	0	17,081	17,081
Transfers Out	(17,081)	0	0	0	(17,081)
Advances In	0	0	0	41,868	41,868
Advances Out	(41,868)	0	0	0	(41,868)
<i>Total Other Financing Sources (Uses)</i>	<u>(58,949)</u>	<u>0</u>	<u>0</u>	<u>821,359</u>	<u>762,410</u>
<i>Net Change in Fund Balances</i>	17,760	17,297	96,589	(456,058)	(324,412)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,078,907</u>	<u>399,731</u>	<u>805,680</u>	<u>1,285,098</u>	<u>3,569,416</u>
<i>Fund Balances End of Year</i>	<u>\$1,096,667</u>	<u>\$417,028</u>	<u>\$902,269</u>	<u>\$829,040</u>	<u>\$3,245,004</u>

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**

*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes  
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities*

*For the Fiscal Year Ended June 30, 2011*

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**Net Change in Fund Balances - Total Governmental Funds** (324,412)

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

(518,360)

*Change in Net Assets of Governmental Activities*

(842,772)

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property Taxes	\$3,139,395	\$3,389,692	\$3,389,692	\$0
Intergovernmental	7,398,517	7,463,551	7,483,410	19,859
Interest	8,163	5,140	5,469	329
Tuition and Fees	607,843	276,947	276,947	0
Contributions and Donations	11,073	9,771	10,072	301
Extracurricular Activities	27,217	28,455	28,455	0
Rentals	100	550	550	0
Miscellaneous	30,935	24,004	22,005	(1,999)
<i>Total Receipts</i>	<u>11,223,243</u>	<u>11,198,110</u>	<u>11,216,600</u>	<u>18,490</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	4,779,533	5,010,124	4,958,281	51,843
Special	1,107,605	1,165,392	1,047,496	117,896
Vocational	218,692	230,102	227,501	2,601
Student Intervention Services	14,176	14,916	14,916	0
Support Services:				
Pupil	689,967	725,964	723,114	2,850
Instructional Staff	177,247	186,494	72,327	114,167
Board of Education	23,993	25,245	23,442	1,803
Administration	976,040	1,026,962	937,908	89,054
Fiscal	294,591	309,961	306,768	3,193
Business	168,924	177,737	41,099	136,638
Operation and Maintenance of Plant	1,111,954	1,169,967	1,055,368	114,599
Pupil Transportation	1,269,025	1,335,233	1,253,562	81,671
Central	70,939	74,640	74,640	0
Operation of Non-Instructional Services	24,496	25,774	25,602	172
Extracurricular Activities	299,314	314,930	307,977	6,953
Debt Service:				
Principal Retirement	201,507	181,934	119,570	62,364
Interest and Fiscal Charges	2,873	32,182	32,182	0
<i>Total Disbursements</i>	<u>11,430,876</u>	<u>12,007,557</u>	<u>11,221,753</u>	<u>785,804</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(207,633)</u>	<u>(809,447)</u>	<u>(5,153)</u>	<u>804,294</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(17,037)	(17,037)	(17,081)	(44)
Advances In	49,801	49,801	0	(49,801)
Advances Out	0	0	(41,868)	(41,868)
<i>Total Other Financing Sources (Uses)</i>	<u>32,764</u>	<u>32,764</u>	<u>(58,949)</u>	<u>(91,713)</u>
<i>Net Change in Fund Balance</i>	<u>(174,869)</u>	<u>(776,683)</u>	<u>(64,102)</u>	<u>712,581</u>
<i>Fund Balance Beginning of Year</i>	1,053,526	1,053,526	1,053,526	0
Prior Year Encumbrances Appropriated	<u>25,381</u>	<u>25,381</u>	<u>25,381</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$904,038</u>	<u>\$302,224</u>	<u>\$1,014,805</u>	<u>\$712,581</u>

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Classroom Facilities Maintenance Fund*  
*For the Fiscal Year Ended June 30, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$44,761	\$48,837	\$48,837	\$0
Intergovernmental	44,354	45,083	45,083	0
<i>Total Receipts</i>	<u>89,115</u>	<u>93,920</u>	<u>93,920</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Support Services:				
Fiscal	1,098	1,197	1,197	0
Operation and Maintenance of Plant	99,235	102,222	95,426	6,796
<i>Total Disbursements</i>	<u>100,333</u>	<u>103,419</u>	<u>96,623</u>	<u>6,796</u>
<i>Net Change in Fund Balance</i>	(11,218)	(9,499)	(2,703)	6,796
<i>Fund Balance Beginning of Year</i>	391,415	391,415	391,415	0
Prior Year Encumbrances Appropriated	<u>8,316</u>	<u>8,316</u>	<u>8,316</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$388,513</u></u>	<u><u>\$390,232</u></u>	<u><u>\$397,028</u></u>	<u><u>\$6,796</u></u>

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**

*Statement of Fund Net Assets - Cash Basis*

*Internal Service Fund*

*June 30, 2011*

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	<u>Insurance</u>
<b>Assets</b>	
Cash and Cash Equivalents with Fiscal Agents	<u>\$1,139,872</u>
<b>Net Assets</b>	
Unrestricted	<u>\$1,139,872</u>

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**  
*Statement of Receipts, Disbursements  
and Changes in Fund Net Assets - Cash Basis  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2011*

	Insurance
<b>Operating Receipts</b>	
Charges for Services	\$1,506,028
<b>Operating Disbursements</b>	
Purchased Services	574,572
Claims	1,486,544
<i>Total Operating Disbursements</i>	2,061,116
<i>Operating Loss</i>	(555,088)
<b>Non-Operating Receipts</b>	
Interest	36,728
<i>Change in Net Assets</i>	(518,360)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	1,658,232
<i>Net Assets End of Year</i>	\$1,139,872

See accompanying notes to the basic financial statements

**Pymatuning Valley Local School District**

*Statement of Fiduciary Net Assets - Cash Basis*

*Agency Fund*

*June 30, 2011*

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	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$28,781	<u>\$26,666</u>
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$26,666</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	<u>\$28,781</u>	

See accompanying notes to the basic financial statements



**Pymatuning Valley Local School District**  
*Statement of Changes in Fiduciary Net Assets - Cash Basis*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2011*

	<u>Scholarship</u>
<b>Additions</b>	
Interest	\$278
<b>Deductions</b>	
	0
<i>Change in Net Assets</i>	278
<i>Net Assets Beginning of Year</i>	28,503
<i>Net Assets End of Year</i>	\$28,781

See accompanying notes to the basic financial statements

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## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 1 - Reporting Entity**

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

The Board of Education controls the School District's seven instructional/support facilities staffed by 49 classified employees and 82 certificated employees who provide services to 1,425 students and other community members.

#### ***Primary Government***

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

#### ***Component Units***

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. The School District is also financially accountable for any organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District has no component units.

#### ***Other Organizations***

The School District participates in three jointly governed organizations, a related organization and two insurance purchasing pool. These organizations are the North Eastern Ohio Management Information Network, the Ashtabula County Joint Vocational School District, the State Support Team – Region 5, the Andover Public Library, Ohio School Boards Association Workers' Compensation Group Rating Program and the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan. These organizations are presented in Note 16, 17 and 18 to the basic financial statements.

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The School District does not apply FASB statements issued after November 30, 1989, to its governmental activities and to its internal service fund. Following are the more significant of the School District's accounting policies.

#### ***Basis of Presentation***

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

***Government-Wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. The School District, however, has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### ***Fund Accounting***

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

***Governmental Funds*** The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major governmental funds are:

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

***Classroom Facilities Maintenance Special Revenue Fund*** The classroom facilities maintenance special revenue fund accounts for property tax revenues that are restricted to expenditures for the maintenance of upkeep of School District classroom facilities.

***Bond Retirement Debt Service Fund*** The bond retirement fund is used to account for property taxes and intergovernmental revenues restricted for the payment of, general long-term debt principal, interest and related costs.

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

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

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

***Fiduciary Funds*** The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for scholarships granted to students as specified in trust agreements. Agency funds are custodial in nature. The School District's agency fund accounts for various student-managed activities.

### ***Basis of Accounting***

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

## **Pymatuning Valley Local School District**

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2011*

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As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

#### ***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate Board appropriations to the function and object level within all funds without resolution by the Board of Education.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were passed by the Board.

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

#### ***Cash and Investments***

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2011, investments were limited to nonnegotiable certificates of deposit which are reported at cost.

The School District participates in the OME-ERSA insurance consortium for self-insurance. These monies are reflected on the statement of net assets as "cash and cash equivalents with fiscal agents." The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$5,469 which includes \$3,419 assigned from other School District funds.

### ***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money required by State statute to be set aside for the purchase of textbooks and other instructional materials. See Note 15 for additional information regarding set asides.

### ***Inventory and Prepaid Items***

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

### ***Capital Assets***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

### ***Interfund Receivables/Payables***

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

### ***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

### ***Employer Contributions to Cost-Sharing Pension Plans***

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

### ***Long-Term Obligations***

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

### ***Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors,

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for operations of instructional services, food service operations and extracurricular activities. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

### ***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies and authorized purchase commitments by the School District Board of Education.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

### ***Interfund Transactions***

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.



## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/cash disbursements in the internal service fund. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

### **Note 3 – Change in Basis of Accounting Principles, Change in Basis of Accounting and Restatement of Fund Equity**

#### ***Change in Basis of Accounting***

For 2011, the School District ceased to report using generally accepted accounting principles and reported on the cash basis as described in note 2.

#### ***Changes in Accounting Principles***

For fiscal year 2011, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, “Accounting and Reporting for Intangible Assets” and Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District’s financial statements.

#### ***Restatement of Fund Equity***

The implementation of this change along with the implementation of GASB Statement No. 54, had the following effects on fund equity of the major and nonmajor funds of the School District as they were previously reported. The effects on net assets of governmental activities are also presented.

**Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental	Total
Fund Balances at June 30, 2010	\$1,098,006	\$368,423	\$1,040,777	\$1,228,269	\$3,735,475
Eliminate Asset Accruals	(3,784,855)	(54,173)	(726,702)	(48,970)	(4,614,700)
Eliminate Inventory	0	0	0	(19,327)	(19,327)
Eliminate Prepaid Items	(87,974)	0	0	0	(87,974)
Eliminate Interfund Receivables (Payab	(588)	0	0	0	(588)
Eliminate Liability Accruals	3,771,798	85,481	491,605	199,368	4,548,252
Change in Fund Structure	82,520	0	0	(74,242)	8,278
Adjusted Fund Balance July 1, 2010	<u>\$1,078,907</u>	<u>\$399,731</u>	<u>\$805,680</u>	<u>\$1,285,098</u>	<u>\$3,569,416</u>

	Governmental Activities
Net Assets June 30, 2010	\$23,630,277
Eliminate Government-Wide Financial Statements Adjustments:	
Inventory	(19,327)
Accounts Receivable	(3,280)
Accrued Interest Receivable	(297)
Intergovernmental Receivable	(54,387)
Prepaid Items	(87,974)
Property Taxes Receivable	(4,556,736)
Capital Assets	(25,160,479)
Accounts Payable	12,838
Accrued Wages	1,010,066
Intergovernmental Payable	283,514
Early Retirement Incentive Payable	4,800
Accrued Interest Payable	25,757
Matured Compensated Absences	65,889
Deferred Revenue	2,347,304
Claims Payable	292,792
Long-Term Liabilities:	
Due Within One Year	462,583
Due in More Than One Year	6,966,030
Change in Fund Structure	8,278
Adjusted Net Assets July 1, 2011	<u>\$5,227,648</u>

The change in basis of accounting increased net assets for the internal service fund by \$292,792, from \$1,365,440 to \$1,658,232.

The implementation of GASB Statement 54 decreased fiduciary net assets by \$8,278, from \$36,781 to \$28,781.

**Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**Note 4 – Fund Balance**

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

Fund Balances	General	Classroom Facilities Maintenance	Bond Retirement	Nonmajor Governmental Funds	Total
<b><i>Restricted for</i></b>					
Food Service Operations	\$0	\$0	\$0	\$188,058	\$188,058
Classroom Maintenance	0	417,028	0	0	417,028
Athletics and Music	0	0	0	43,664	43,664
Early Childhood Education	0	0	0	5,597	5,597
Regular Instruction	0	0	0	103,514	103,514
Technology Improvements	0	0	0	3,825	3,825
Other Purpose	0	0	0	9,009	9,009
Unclaimed Monies	12,938	0	0	0	12,938
Set-asides	688,506	0	0	0	688,506
Debt Service Payments	0	0	902,269	0	902,269
Capital Improvements	0	0	0	436,187	436,187
<b><i>Total Restricted</i></b>	701,444	417,028	902,269	789,854	2,810,595
<b><i>Committed to</i></b>					
Memorials	0	0	0	39,186	39,186
Other Purposes	1,728	0	0	0	1,728
<b><i>Total Committed</i></b>	1,728	0	0	39,186	40,914
<b><i>Assigned to</i></b>					
Underground Storage Tank	11,000	0	0	0	11,000
Other Purposes	80,134	0	0	0	80,134
<b><i>Total Assigned</i></b>	91,134	0	0	0	91,134
<b><i>Unassigned</i></b>	302,361	0	0	0	302,361
<b><i>Total Fund Balances</i></b>	1,096,667	417,028	902,269	829,040	3,245,004

**Note 5 – Accountability**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined.

### **Note 6 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$81,862 for the general fund and \$20,000 for the classroom facilities maintenance special revenue fund.

### **Note 7 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio;

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

At June 30, 2011, the School District's self-insurance internal service fund had a balance of \$1,139,873 with OME-RESA, a claims servicing pool (See Note 18). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Steubenville, Ohio 43952.

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$4,014,545 of the School District's bank balance of \$4,555,973 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

### **Note 8 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the

## Pymatuning Valley Local School District

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The amount available as an advance at June 30, 2011, was \$1,157,545 in the general fund, \$16,466 in the classroom facilities maintenance special revenue and \$172,061 in the bond retirement debt service fund. The amount available as an advance at June 30, 2010, was \$1,182,390 in the general fund, \$17,565 in the classroom facilities maintenance special revenue fund and \$235,097 in the bond retirement debt service fund.

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

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$135,000,350	95.50%	\$154,687,400	94.88%
Public Utility Personal	6,358,180	4.50	8,339,960	5.12
Total	<u>\$141,358,530</u>	<u>100.00%</u>	<u>\$163,027,360</u>	<u>100.00%</u>

Full Tax Rate per \$1,000 of assessed valuation	\$35.05	\$35.33
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### **Note 9 - Interfund Transfers and Advances**

#### *Transfers*

A transfer of \$17,081 was made from the general fund into the other grants special revenue fund to provide funding for current year expenditures.

#### *Advances*

The general fund made advances to nonmajor governmental funds in the amount of \$41,868. These advances were made to support programs and projects in various special revenue funds pending the receipt of grant money.

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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### **Note 10 - Pension Plans**

#### ***School Employee Retirement System***

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 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 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were 163,353, \$173,789 and \$128,070 respectively; 98.70 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2010 and 2009.

#### ***State Teachers Retirement System***

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

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

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled

## **Pymatuning Valley Local School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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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, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, 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 School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$605,751, \$637,712, and \$628,563 respectively; 83.62 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2009 (the latest information available) were \$13,155 made by the School District and \$39,401 made by the plan members.

### **Note 11 – Postemployment Benefits**

#### *School Employee Retirement System*

Plan Description – The School 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 Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 2.19 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 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$27,664 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$34,026, \$37,105, and \$79,870 respectively; 98.70 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and



## Pymatuning Valley Local School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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2009 were \$10,512 \$10,335, and \$10,567 respectively; 98.70 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2008.

### ***State Teachers Retirement System***

Plan Description – The School 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](http://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 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$46,596, \$49,055, and \$48,351 respectively; 83.62 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

## **Note 12 - Risk Management**

### ***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the School District contracted with Love Insurance Agency for buildings and contents, liability and fleet insurance.

Type of Coverage	Coverage Amount
Property Damage Per Occurrence	\$44,750,855
Flood - Per Occurrence and Annual Aggregate	1,000,000
Terrorism - Per Occurrence and Annual Aggregate	1,000,000
Errors and Omissions	100,000
Employee Theft - Per Loss Coverage	25,000
Auto Liability	1,000,000
Violence	1,000,000

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

### ***Workers' Compensation***

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on

**Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

***Self-Insurance***

The School District offers medical, vision, dental and life insurance to all employees through a self-insurance internal service fund. The School District is self insured with Self-Fund Plans, Incorporated, serving as the third party administrator.

**Note 13 – Debt**

Changes in long-term obligations of the School District during fiscal year 2011 were as follows:

	Principal Outstanding 6/30/2010	Additions	Reductions	Principal Outstanding 6/30/2011	Amounts Due in One Year
<b>Governmental Activities</b>					
<b><i>General Obligation Bonds</i></b>					
2002 School Improvement Bonds					
Serial Bonds	\$4,845,000	\$0	(\$195,000)	\$4,650,000	\$300,000
Term Bonds	1,070,000	0	0	1,070,000	0
Capital Appreciation Bonds	31,586	0	(31,586)	0	0
Accretion on Capital Appreciation Bonds	61,976	6,438	(68,414)	0	0
Total School Improvement Bonds	6,008,562	6,438	(295,000)	5,720,000	300,000
2009 School Construction Bonds					
Term Bonds	639,240	0	(39,240)	600,000	40,000
2010 Energy Conservation Improvement Bonds					
Term Bonds	0	718,250	0	718,250	48,250
<b><i>Total General Obligation Bonds</i></b>	6,647,802	724,688	(334,240)	7,038,250	388,250
<b><i>Other Long-Term Obligations</i></b>					
2006 Ohio Schools Facilities Commission Note	80,330	0	(80,330)	0	0
<b><i>Total Governmental Activities Long-Term Liabilities</i></b>	<b>\$6,728,132</b>	<b>\$724,688</b>	<b>(\$414,570)</b>	<b>\$7,038,250</b>	<b>\$388,250</b>

On April 4, 2002, the School District issued \$7,774,998 in school improvement and classroom facilities bonds for the purpose of constructing, furnishing and equipping a new high school auditorium and for the repayment of bond anticipation notes issued for this project. The bonds included serial, capital appreciation (deep discount) and term bonds in the amount of \$7,450,000, \$324,999 and \$1,070,000, respectively. The bonds were issued for a twenty-two year period with a maturity date of December 1, 2025. The bonds will be retired from the debt service fund.

On December 11, 2009, the School District issued \$639,240 in school construction bonds for the purpose of making energy efficiency lighting improvements within the School District. The bonds were issued at a 1.93 percent interest rate for a fifteen year period with a maturity date of September 15, 2024.

## Pymatuning Valley Local School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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On November 15, 2010, the School District issued \$718,250 in Qualified School Construction Bonds (QSCBs) in accordance with the American Recovery and Reinvestment Act of 2009 (ARRA). These bonds were issued for the purpose of investing in Thin Client computer equipment. These bonds will be paid from the general fund. In accordance with bond covenants, the School District shall deposit in the Sinking Fund for the accumulation of funds necessary to pay the bond at maturity. The School District shall deposit monies annually on December 1 each year as needed so that the balance in the Sinking Fund (taking into account the interest earned on such fund) shall be equal to and not exceed the amount set forth below. The principal (sinking fund deposits) requirements to maturity are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>
2012	48,250
2013	45,000
2014	45,000
2015	45,000
2016	45,000
2017-2021	240,000
2022-2026	<u>250,000</u>
Totals	<u><u>\$718,250</u></u>

The bonds are subject to extraordinary mandatory redemption, in whole or in part, on November 15, 2013, or, in the event of an extension negotiated with the IRS, on a credit allowance date that occurs on or before November 15, 2015, in authorized denominations, at a redemption price equal to the principal amount of the bonds called for redemption plus accrued interest thereon to the redemption, in an amount equal to the unexpended proceeds of the sale of the bonds held by the School District, but only to the extent all of the proceeds of the bonds within three years of issuance thereof and no extension of the period for expenditure had been granted by the IRS.

As part of the ARRA act of 2009, issuers of QSCBs are eligible to receive direct payments from the federal government which offset interest payments on the bonds. As an alternate, QSCBs may be issued as tax credit bonds under which bond holders receive federal tax credits in lieu of interest as a means to significantly reduce the issuer's interest costs. The School District, under agreement with the federal government, has chosen to receive a thirty-five percent semi-annual direct payment from the federal government to help offset interest expense on the QSCBs. The amount the School District expects to receive for future the direct payments is not available. Therefore this bond will not be included in the following principal and interest requirements.

The School District's overall debt margin was \$7,785,885 with an unvoted debt margin of \$154,687 at June 30, 2011. Principal and interest requirements to retire the 2002 school improvement bonds and the 2009 school construction bonds outstanding at June 30, 2011 are as follows:

**Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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Fiscal Year Ending June 30,	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
2012	\$300,000	\$219,080	\$40,000	\$64,694
2013	315,000	205,468	40,000	63,922
2014	320,000	191,020	40,000	63,150
2015	335,000	175,788	40,000	62,378
2016	355,000	159,396	40,000	61,606
2017-2021	2,055,000	508,687	215,000	296,016
2022-2025	970,000	49,250	1,255,000	168,537
Totals	<u>\$4,650,000</u>	<u>\$1,508,689</u>	<u>\$1,670,000</u>	<u>\$780,303</u>

**Note 14 - Contingencies**

***Grants***

The School 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 School District at June 30, 2011.

***Litigation***

As of June 30, 2011, the School District was not party to any legal proceedings.

**Note 15 - Set Aside Requirements**

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

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

## Pymatuning Valley Local School District

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011

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	Textbooks	Capital Improvements
Set-aside Reserve Balances as of June 30, 2010	\$599,398	\$0
Current Year Set-aside Requirement	183,029	183,029
Current Year Offsets	0	641,082
Qualifying Disbursements	93,921	0
Total	<u>\$688,506</u>	<u>(\$458,053)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$688,506</u>	<u>(\$458,053)</u>
Set-aside Reserve Balance as of June 30, 2011	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements or offsets during the fiscal year that reduced the textbook and capital improvement set-asides amount below zero. Effective July 1, 2011, the textbook set aside is no longer required and has been removed from existing law. This negative balance is therefore not presented as being carried forward to future fiscal years. Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

### Note 16 - Jointly Governed Organizations

**North Eastern Ohio Management Information Network (NEOMIN)** NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. Pymatuning Valley Local School District paid \$30,669 to NEOMIN during fiscal year 2011.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent or NEOMIN). The McDonald Local School District was not represented on the Governing Board during fiscal year 2011. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

**Ashtabula County Joint Vocational School District** The Ashtabula County Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of representatives from some of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District paid \$16 in contributions for fiscal year 2011. Financial information can be obtained from MaryAnn Wayman, Treasurer at Ashtabula County Joint Vocational School District, 1565 State Route 167, Jefferson, Ohio 44047.

**State Support Team (SST) – Region 5** The SST is an Educational Regional Service System whose mission is to provide regional districts with leadership, technical assistance and high quality professional development in the service areas of school improvement, literacy, early learning and school readiness and

## **Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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special education compliance. The 16 State Support Teams are responsible for the regional delivery of school improvement, literacy, special education compliance, and early learning and school readiness services to districts using a differentiated technical assistance structure of support based upon need. The teams work through the Office of Exceptional Children, Office of Literacy, Office of Early Learning and School Readiness and the Office of Field Relations by providing technical assistance and professional development. The SSTs include staff and services formerly provided by the Special Education Regional Resources Centers (SERRCs) and the Regional School Improvement Teams (RSITs).

House Bill 115 (HB 115) establishes the Educational Regional Service System (ERSS) and requires the creation of a coordinated, integrated and aligned system to support state and school districts efforts to improve school effectiveness and student achievement. It is the intent of the general assembly that the educational regional service system would reduce the unnecessary duplication of programs and services and provide for a more streamlined and efficient delivery of education services without reducing the availability of the services needed by school districts and school. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Youngstown, Ohio 44512.

### **Note 17 – Related Organization**

***Andover Public Library*** The Andover Public Library (the Library) is a district political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on the behalf of the Library, its role is limited to a ministerial function. The determination to request approval of tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Andover Public Library, Linda Weston, Clerk/Treasurer, at 142 Main Street, Andover, Ohio 44003.

### **Note 18 – Insurance Purchasing Pool**

***Ohio School Boards Association Workers' Compensation Group Rating Program*** The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Post President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program.

***Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan*** The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self Insurance Plan, A risk-sharing, claims servicing, and insurance purchasing pool comprised of ninety-one members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000 under which the individual member is

**Pymatuning Valley Local School District**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$400,000, and all claims between the deductible and the \$400,000 are paid from the internal shared risk pool. The internal pool is not owned by the participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$400,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administration fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Self-Funded Plans, Incorporated.

**PYMATUNING VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
<i>Non-Cash Assistance (Food Distribution):</i>						
National School Lunch Program	2011	10.555		\$ 97,310		\$ 97,310
<i>Cash Assistance:</i>						
National School Breakfast Program	2011	10.553	\$ 81,912		\$ 81,912	
National School Lunch Program	2011	10.555	317,675		317,675	
<i>Total Child Nutrition Cluster</i>			<u>399,587</u>	<u>97,310</u>	<u>399,587</u>	<u>97,310</u>
Total U.S. Department of Agriculture			<u>399,587</u>	<u>97,310</u>	<u>399,587</u>	<u>97,310</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Title 1, Part A Cluster:</i>						
<i>Grants to Local Educational Agencies</i>						
Title I School Subsidy	2010	84.010	41,934		51,105	
	2011		287,781		304,493	
Subtotal - CFDA No. 84.010			<u>329,715</u>		<u>355,598</u>	
<i>ARRA Title I School Subsidy</i>						
	2010	84.389	(8,867)		-	
	2011		42,207		49,665	
Subtotal - CFDA No. 84.389			<u>33,340</u>		<u>49,665</u>	
<i>Total Title 1, Part A Cluster</i>			<u>363,055</u>		<u>405,263</u>	
<i>ARRA Title II-D -- Technology Literacy Challenge Fund Grants</i>						
	2011	84.386	1,185		1,185	
<i>Title II, Part A -- Improving Teacher Quality</i>						
	2010	84.367	6,242		10,000	
	2011		68,002		70,067	
Subtotal - CFDA No. 84.367			<u>74,244</u>		<u>80,067</u>	
<i>ARRA State Fiscal Stabilization Fund</i>						
	2010	84.394	(813)		73,614	
	2011		563,546		460,032	
Subtotal - CFDA No. 84.394			<u>562,733</u>		<u>533,646</u>	
Total -- U.S. Department of Education			<u>1,001,217</u>		<u>1,020,161</u>	
<b>Totals</b>			<u>\$ 1,400,804</u>	<u>\$ 97,310</u>	<u>\$ 1,419,748</u>	<u>\$ 97,310</u>

*The accompanying notes to this schedule are an integral part of this schedule.*



**PYMATUNING VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE E – TRANSFERS**

The District generally must spend non-ARRA Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education's (ODE) approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2011, the Ohio Department of Education (ODE) authorized the following transfers:

<b>CFDA</b>				
<b>Number</b>	<b>Program Title</b>	<b>Grant Year</b>	<b>Transfers Out</b>	<b>Transfers In</b>
84.389	Title I Grants to Local Educational Agencies	2010	\$ 8,867	
84.389	Title I Grants to Local Educational Agencies	2011		\$ 8,867

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# Dave Yost • Auditor of State

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

Pymatuning Valley Local School District  
Ashtabula County  
5571 U.S. Route 6 West  
Andover, Ohio 44003

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pymatuning Valley Local School District, Ashtabula County (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2011, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted governmental fund balances were restated due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2011-01.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 6, 2011.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

December 6, 2011



# Dave Yost • Auditor of State

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

Pymatuning Valley Local School District  
Ashtabula County  
5571 U.S. Route 6 West  
Andover, Ohio 44003

To the Board of Education:

### Compliance

We have audited the compliance of Pymatuning Valley Local School District, Ashtabula County (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 could directly and materially affect each of Pymatuning Valley Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Pymatuning Valley Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

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

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

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities and others within the District. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

December 6, 2011

**PYMATUNING VALLEY LOCAL SCHOOL DISTRICT  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list): Title 1, Part A Cluster State Fiscal Stabilization Fund</b>	<b>CFDA Numbers:</b> 84.010 and 84.389 84.394
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2010-01**

**Noncompliance**

**Financial Reporting**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code §117.38.

**FINDING NUMBER 2010-01  
(Continued)**

**Ohio Administrative Code Section 117-2-03(B)** requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The District chose to prepare its financial statements and notes on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP. The financial statements and notes omit assets, liabilities, fund equities, and disclosures that are material, however, cannot be determined at this time.

We recommend the District prepare its annual financial report in accordance with GAAP.

**Officials' Response**

The Board, Superintendent and Treasurer do not feel it is cost effective and efficient to prepare the conversion and future reporting needs. Therefore, we chose to report under the new standards of Other Comprehensive Basis of Accounting (OCBOA).

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**None**





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Pymatuning Valley Local School District  
Ashtabula County  
5571 U.S. Route 6 West  
Andover, Ohio 44003

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 21, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

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

**Dave Yost**  
Auditor of State

December 6, 2011

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# Dave Yost • Auditor of State

**PYMATUNING VALLEY LOCAL SCHOOL DISTRICT**

**ASHTABULA 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  
DECEMBER 22, 2011**