



Dave Yost • Auditor of State



**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis .....	9
Statement of Activities – Cash Basis .....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds .....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	13
Statement of Fiduciary Net Assets – Cash Basis .....	14
Statement of Changes in Fiduciary Net Assets – Cash Basis .....	15
Notes to the Basic Financial Statements.....	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	37
Schedule of Findings.....	39
Schedule of Prior Audit Findings.....	41
Independent Accountants' Report on Applying Agreed-Upon Procedure .....	43

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Pandora-Gilboa Local School District  
Putnam County  
410 Rocket Ridge  
Pandora, Ohio 45877-9607

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Pandora-Gilboa Local School District, Putnam 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.

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

As described in Note 4, for fiscal year 2011, the District revised its financial presentation to the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. As also described in Note 4, during fiscal year 2011 the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2013, 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were 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. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it



**Dave Yost**  
Auditor of State

March 13, 2013

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

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

**Financial Highlights**

Key financial highlights for 2011 are as follows:

In total, net assets increased \$245,492.

General revenues accounted for \$5,819,445, or 86 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$952,202, or 14 percent of total revenues of \$6,771,647.

The General Fund had \$5,636,932 in receipts and other financing sources and \$5,478,345 in disbursements and other financing uses. The General Fund's balance increased \$158,587 from the prior fiscal year.

The revenue generated from the Debt Service Fund is used to pay for the current portion of bonded debt.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole.

The statement of net assets and the statement of activities, provide information about the activities of the whole District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund.

**Reporting the District as a Whole**

The statement of net assets and the statement of activities, reflect how the District did financially during fiscal year 2011 within the limitations of the cash basis of accounting.

These statements report the 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 District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets, the extent of the 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 and income taxes.

In the statement of net assets and the statement of activities, all of the District's activities are presented as governmental activities. All of the District's programs and services are reported here including

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

instruction, support services, food services, extracurricular activities, capital outlay disbursements, and debt service.

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

Fund financial statements provide detailed information about the District's major funds, not the District as a whole. The 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 District are split into two categories: governmental and fiduciary. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the General Fund.

**Governmental Funds** - Most of the District activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the 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 District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major 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 District's major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2011 compared to fiscal year 2010 on another comprehensive basis of accounting.

	<b>2011</b>	<b>2010</b>
<b>Assets:</b>		
Current and Other Assets	\$3,594,869	\$3,342,694
 <b>Net Assets:</b>		
Restricted for Debt Service	298,115	296,768
Restricted for Capital Outlay	441,672	443,803
Restricted for Other Purposes	378,361	334,191
Unrestricted	2,476,721	2,267,932
Total	\$3,594,869	\$3,342,694

As mentioned previously, net assets of governmental activities increased \$245,492 or 7 percent during fiscal year 2011. The primary reason contributing to the increase in cash balance was the General Fund realized a decrease in expenditures during 2011. The larger decreases were in regular instruction, special instruction, and instructional staff support services expenditures.



**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets in 2011. Since the District did not prepare financial statements in this format for 2010, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 2  
Change in Net Assets  
Governmental Activities**

	<b>2011</b>
<b><u>Receipts:</u></b>	
Program Revenues:	
Charges for Services and Sales	\$480,746
Operating Grants, Contributions and Interest	471,456
Total Program Revenues	952,202
General Revenues:	
Property Taxes	1,602,860
Income Taxes	1,242,975
Grants and Entitlements	2,876,914
Gifts and Donations	42,227
Investment Earnings	10,753
Miscellaneous	3,097
Proceeds from Sale of Capital Assets	40,619
Total General Receipts	5,819,445
Total Receipts	6,771,647
 <b><u>Disbursements:</u></b>	
Instruction	3,545,068
Support Services:	
Pupils	88,475
Instructional Staff	249,178
Board of Education	16,272
Administration	557,448
Fiscal	234,248
Operation and Maintenance of Plant	586,279
Pupil Transportation	305,272
Central	11,273
Non-Instructional	240,905
Extracurricular Activities	319,266
Capital Outlay	2,829
Principal	153,589
Interest and Fiscal Charges	216,053
Total Disbursements	6,526,155
Increase in Net Assets	245,492
Net Assets Beginning of Year	3,349,377
Net Assets End of Year	\$3,594,869

Program receipts account for 14 percent of total receipts and are represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities, and food service sales.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

As stated previously, general receipts represent 86 percent of the District's total receipts, and of this amount, over 49 percent is the result of unrestricted grants and entitlements which primarily represents State foundation resources. Property taxes and income taxes make up the balance of the District's general receipts (28 percent property and 21 percent income). Other receipts, such as interest, donations, and rent are very insignificant and somewhat unpredictable revenue sources.

The major program disbursements for governmental activities are for instruction, which accounts for 54 percent of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for 10 percent of governmental disbursements. Maintenance of the District's facilities represents a significant disbursement of 9 percent. The remaining 27 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**Governmental Activities**

If you look at the Statement of Activities you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is for instruction, which accounts for 54 percent of all governmental disbursements. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the 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 state unrestricted entitlements and 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.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
	<b>2011</b>	<b>2011</b>
Instruction	\$3,545,068	\$3,176,890
Support Services:		
Pupils	88,475	88,336
Instructional Staff	249,178	242,304
Board of Education	16,272	16,272
Administration	557,448	557,448
Fiscal	234,248	229,248
Operation and Maintenance of Plant	586,279	356,080
Pupil Transportation	305,272	305,272
Central	11,273	11,273
Non-Instructional	240,905	(17,822)
Extracurricular Activities	319,266	236,181
Capital Outlay	2,829	2,829
Principal	153,589	153,589
Interest and Fiscal Charges	216,053	216,053
<b>Total Expenses</b>	<b>\$6,526,155</b>	<b>\$5,573,953</b>

The dependence upon tax revenues, income tax revenues, and unrestricted state entitlements for governmental activities is apparent. Over 90 percent of instruction activities are supported through taxes

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

and other general revenues. For all governmental activities, support from general revenues is 85 percent. The remaining 15 percent are derived from charges for services and operating grants and contributions.

**The District's Funds**

The District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts and other financing sources of \$6,782,687 and disbursements and other financing uses of \$6,537,195. The net positive change of \$245,492 in fund balance for the year indicates that the District was able to meet current costs.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During fiscal year 2011, the District amended its General Fund budget as needed to reflect changing circumstances.

Actual receipts and other financing sources were less than final budget receipts and other financing sources by \$24,352. There was no variance between original and final estimated resources.

Final disbursements and other financing uses were budgeted at \$6,094,935 while actual disbursements and other financing uses were \$5,545,653. The \$549,282 difference between budgeted disbursements and actual disbursements was a result of lower than anticipated instructional support and maintenance expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

The District's capital assets are not reflected in the other comprehensive basis of accounting statements, however the District does track capital assets through the state provided software program.

**Debt**

At June 30, 2011, the District had \$2,889,997 in school improvement general obligation bonds for building improvements. For further information regarding the District's debt, refer to Note 12 to the basic financial statements.

**Current Issues**

The District is looking toward new avenues of funding in the state of a declining economy and uncertainty in State funding. Pandora-Gilboa is a small rural community of 2,500 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the second year of the state biennium budget. 51 percent of District revenue sources are from local funds, and 49 percent is from state and federal funds. The total expenditure per pupil was calculated at \$11,633.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

Questions concerning any of the information in this report or request for additional information should be directed to Brad Deleruyvelle, Treasurer, Pandora-Gilboa Local School District, 410 Rocket Ridge, Pandora, Ohio 45877-9607.

PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2011

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,594,869</u>
<b>Net Assets:</b>	
Restricted for:	
Debt Service	\$298,115
Capital Outlay	441,672
Other Purposes	378,361
Unrestricted	<u>2,476,721</u>
Total Net Assets	<u>\$3,594,869</u>

See Accompanying Notes to the Basic Financial Statements

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30,2011**

	<b>Program Receipts</b>		<b>Net(Disbursements) Receipts and Changes in Net Assets</b>	
<b>Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$3,019,066	\$217,452	\$140,025	(\$2,661,589)
Special	437,150		10,701	(426,449)
Vocational	88,852			(88,852)
Support Services:				
Pupils	88,475		139	(88,336)
Instructional Staff	249,178		6,874	(242,304)
Board of Education	16,272			(16,272)
Administration	557,448			(557,448)
Fiscal	234,248		5,000	(229,248)
Operation and Maintenance of Plant	586,279		230,199	(356,080)
Pupil Transportation	305,272			(305,272)
Central	11,273			(11,273)
Operation of Non-Instructional Services	240,905	180,209	78,518	17,822
Extracurricular Activities	319,266	83,085		(236,181)
Capital Outlay	2,829			(2,829)
Debt Service:				
Principal	153,589			(153,589)
Interest and Fiscal Charges	216,053			(216,053)
<b>Total Governmental Activities</b>	<b>\$6,526,155</b>	<b>\$480,746</b>	<b>\$471,456</b>	<b>(5,573,953)</b>

**General Receipts:**

Taxes:		
Property Taxes, Levied for General Purposes		1,244,610
Property Taxes, Levied for Debt Service		332,991
Property Taxes, Levied for		25,259
Income Taxes		1,242,975
Grants and Entitlements not Restricted to Specific Programs		2,876,914
Gifts and Donations		42,227
Investment Earnings		10,753
Miscellaneous		3,097
Proceeds from Sale of Capital Assets		40,619
<b>Total General Receipts</b>		<b>5,819,445</b>
Change in Net Assets		245,492
Net Assets Beginning of Year		<b>3,349,377</b>
Net Assets End of Year		<b>\$3,594,869</b>

See Accompanying Notes to the Basic Financial Statements

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,516,378	\$1,078,491	\$3,594,869
<b>Fund Balances:</b>			
Restricted		1,078,491	1,078,491
Committed	39,656		39,656
Assigned	136,340		136,340
Unassigned	2,340,382		2,340,382
Total Fund Balances	\$2,516,378	\$1,078,491	\$3,594,869

See Accompanying Notes to the Basic Financial Statements

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30,2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>			
Property and Other Local Taxes	\$1,244,610	\$358,250	\$1,602,860
Income Tax	1,242,975		1,242,975
Intergovernmental	2,839,590	508,780	3,348,370
Interest	10,035	718	10,753
Tuition and Fees	217,452		217,452
Rent		1,000	1,000
Extracurricular Activities	15,763	66,322	82,085
Gifts and Donations	20,651	21,576	42,227
Customer Sales and Services		180,209	180,209
Miscellaneous	2,197	900	3,097
Total Receipts	<u>5,593,273</u>	<u>1,137,755</u>	<u>6,731,028</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular	2,894,957	124,109	3,019,066
Special	426,449	10,701	437,150
Vocational	88,852		88,852
Support Services:			
Pupils	88,336	139	88,475
Instructional Staff	242,304	6,874	249,178
Board of Education	16,272		16,272
Administration	557,448		557,448
Fiscal	218,088	16,160	234,248
Operation and Maintenance of Plant	425,700	160,579	586,279
Pupil Transportation	305,272		305,272
Central	11,273		11,273
Operation of Non-Instructional Services	1,815	239,090	240,905
Extracurricular Activities	193,579	125,687	319,266
Capital Outlay		2,829	2,829
Debt Service:			
Principal		153,589	153,589
Interest		216,053	216,053
Total Disbursements	<u>5,470,345</u>	<u>1,055,810</u>	<u>6,526,155</u>
Excess of Receipts Over Disbursements	<u>122,928</u>	<u>81,945</u>	<u>204,873</u>
<b>Other Financing Sources (Uses):</b>			
Advances In	3,040	8,000	11,040
Proceeds from Sale of Capital Assets	40,619		40,619
Advances Out	(8,000)	(3,040)	(11,040)
Total Other Financing Sources and Uses	<u>35,659</u>	<u>4,960</u>	<u>40,619</u>
Net Change in Fund Balances	158,587	86,905	245,492
Fund Balances at Beginning of Year	2,357,791	991,586	3,349,377
Fund Balances at End of Year	<u>\$2,516,378</u>	<u>\$1,078,491</u>	<u>\$3,594,869</u>

See Accompanying Notes to the Basic Financial Statements



**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30,2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$1,244,610	\$1,244,610	\$1,244,610	
Income Tax	1,242,975	1,242,975	1,242,975	
Intergovernmental	2,839,590	2,839,590	2,839,590	
Interest	10,265	10,265	10,035	(\$230)
Tuition and Fees	223,171	223,171	217,452	(5,719)
Extracurricular Activities	15,763	15,763		(15,763)
Gifts and Donations	20,631	20,631	18,218	(2,413)
Miscellaneous	1,793	1,793	1,566	(227)
<b>Total Receipts</b>	<u>5,598,798</u>	<u>5,598,798</u>	<u>5,574,446</u>	<u>(24,352)</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	3,090,559	3,090,559	2,869,144	221,415
Special	513,841	513,841	426,849	86,992
Vocational	143,448	143,448	90,732	52,716
Support Services:				
Pupils	105,064	105,064	88,762	16,302
Instructional Staff	338,496	338,496	303,256	35,240
Board of Education	17,671	17,671	16,272	1,399
Administration	613,283	613,283	545,220	68,063
Fiscal	221,876	221,876	218,610	3,266
Operation and Maintenance of Plant	446,785	446,785	424,952	21,833
Pupil Transportation	322,650	322,650	305,933	16,717
Central	14,162	14,162	11,273	2,889
Operation of Non-Instructional Services	2,920	2,920	3,545	(625)
Extracurricular Activities	221,180	221,180	193,105	28,075
<b>Total Disbursements</b>	<u>6,051,935</u>	<u>6,051,935</u>	<u>5,497,653</u>	<u>554,282</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>(453,137)</u>	<u>(453,137)</u>	<u>76,793</u>	<u>529,930</u>
<b>Other Financing Sources (Uses):</b>				
Advances In	3,040	3,040	3,040	
Proceeds from Sale of Capital Assets	40,619	40,619	40,619	
Transfers Out	(40,000)	(40,000)	(40,000)	
Advances Out	(3,000)	(3,000)	(8,000)	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<u>659</u>	<u>659</u>	<u>(4,341)</u>	<u>(5,000)</u>
<b>Net Change in Fund Balance</b>	<u>(452,478)</u>	<u>(452,478)</u>	<u>72,452</u>	<u>524,930</u>
Fund Balance at Beginning of Year	2,202,094	2,202,094	2,202,094	
Prior Year Encumbrances Appropriated	65,838	65,838	65,838	
<b>Fund Balance at End of Year</b>	<u>\$1,815,454</u>	<u>\$1,815,454</u>	<u>\$2,340,384</u>	<u>\$524,930</u>

See Accompanying Notes to the Basic Financial Statements

PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$5,067</u>	<u>\$31,978</u>
<b>Net Assets:</b>		
Held in Trust for Scholarships	<u>\$5,067</u>	
Held for Student Activities		<u>\$31,978</u>

See Accompanying Notes to the Basic Financial Statements

PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30,2011

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$5
Net Assets Beginning of Year	<u>5,062</u>
Net Assets End of Year	<u><u>\$5,067</u></u>

See Accompanying Notes to the Basic Financial Statements

**This page intentionally left blank.**

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Note 1 – Reporting Entity**

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

The District was established in 1951 through the consolidation of existing land areas and school districts. The District serves an area of approximately 66 square miles. It is located in Putnam County and includes the entire Villages of Pandora and Gilboa, and portions of Riley, Blanchard, Richland, Pleasant, and Van Buren Townships. The District employs 19 non-certified and 47 certified teaching personnel, and 6 administrative employees to provide services to approximately 561 students in grades K through 12 and other community members. The District currently operates one building.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

A. Primary Government

The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the 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 District, are accessible to the District and are significant in amount to the District. The District does not have any component units.

C. Other Organizations

The District participates in four jointly governed organizations and three public entity risk pools. These organizations are:

Jointly Governed Organizations:

Northwest Ohio Area Computer Services Cooperative  
Millstream Cooperative Career Center  
Northwest Ohio Educational Research Council, Inc.  
State Support Region 1

Public Entity Risk Pool:

Putnam County School Insurance Group  
Ohio School Board Association Workers' Compensation Group Rating Program  
Schools of Ohio Risk Sharing Authority

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 1 – Reporting Entity (Continued)**

These organizations are presented in Notes 9 and 17 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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

As discussed further in Note 2C, these financial statements 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 funds, 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 District does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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 District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the 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 District's general receipts.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain 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 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.

B. Fund Accounting

The 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 District are divided into two categories, governmental or fiduciary.

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following is the District's major governmental fund:

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

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

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 District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The District's agency fund accounts for various student-managed activities.

C. Basis of Presentation

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the 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.

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.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

D. 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 Board of Education uses the fund/cost center as its legal level of control. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time 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.

E. Cash and Investments

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

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the 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 2011, investments were limited to a money market mutual fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio). The District's money market mutual fund is recorded at the amount reported by Fifth Third Investments at June 30, 2011.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.



**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$10,035, which included \$2,991 assigned from other District funds.

F. Inventory and Prepaid Items

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

G. 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.

H. Interfund Receivables/Payables

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

I. 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 District's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The 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.

K. Long-Term Obligations

The 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 an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The 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.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

M. Fund Balance

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

Nonspendable – The nonspendable classification 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” 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 classification are intended to be used by the 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 the 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 District first applies restricted resources when an expenditure is 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 can be used.

N. Interfund Activity

Transfers within 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. Payments for interfund services provided and used are not eliminated.

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

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 3 – Compliance**

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the 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 assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**Note 4 – Change in Basis of Accounting**

In prior years the District prepared its financial statements on a regulatory basis of accounting. For fiscal year 2011, the District revised its financial presentation to the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Rather than presenting a separate column for each fund type, the District now presents entity wide statements and also statements with a separate column for each major fund with all other funds combined in a separate column.

For fiscal year 2011, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

The restatement due to the implementation of GASB Statement No. 54 and GASB Statement No. 34 had the following effect on fund balance of the major and nonmajor funds of the District as they were previously reported.

	General	Other Governmental Funds	Enterprise Funds
Fund Balance at June 30, 2010	\$2,267,932	\$991,586	\$6,683
Change in Fund Structure	89,859	(83,176)	(6,683)
Adjusted Fund Balance at July 1, 2010	\$2,357,791	\$ 991,586	

**Note 5 – 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 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 \$111,496 in the General Fund.

In addition, as part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds (uniform school supplies and public school support funds) are considered part of the General fund on the cash basis.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 5 – Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

Net Change in Fund Cash Balance	General Fund
Cash Basis	\$158,587
Perspective Difference:	
Activity of Funds Reclassified for Cash Reporting Purposes	25,361
Adjustment for Encumbrances	(111,496)
Budget Basis	\$72,452

**Note 6 - Deposits and Investments**

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

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the 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 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 6 - Deposits and Investments (Continued)**

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$878,082 of the District's bank balance of \$3,649,136 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The 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 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.

Investments

As of June 30, 2011, the District had investments with STAR Ohio with a carrying balance of \$55,868.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least on nationally recognized standard rating service.

**Note 7 - Property Taxes**

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

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 7 - Property Taxes (Continued)**

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax receipts received in calendar year 2011 represent the collection of calendar years 2010 taxes. Real property taxes received in calendar years 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, respectively, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in calendar year 2010, and the tax on telephone and telecommunications property will be eliminated in calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006 to 2010, the District was fully reimbursed for the lost revenue. In calendar years 2011 to 2017, the reimbursements will be phased out.

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

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

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential	\$59,310,620	91.08%	\$60,025,020	91.39%
Industrial/Commercial	4,084,280	6.27%	3,920,440	5.97%
Public Utility Property	1,658,120	2.55%	1,731,260	2.64%
Tangible Personal Property	68,610	0.10%		
Total Assessed Value	<u>\$65,121,630</u>	<u>100.00%</u>	<u>\$65,676,720</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$42.80		\$42.35	

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 8 – Income Taxes**

The District levies a voted tax of .75% for general operations on the income of residents and of estates. The tax was renewed for a period of five years on January 1, 2008. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

In May 2006, the voters approved an additional 1% income tax for general operations. The levy was effective January 1, 2007, and expired on December 31, 2011.

**Note 9 – Risk Management**

A. Risk Pool Membership

The District is a member of the Schools of Ohio Risk Sharing Authority (SORSA). SORSA is a member owned organization having approximately 87 members. SORSA is a joint self-insurance pool. SORSA assumes the risk of loss up to the limits of the District's policy. SORSA covers the following risks:

Coverage provided through the Schools of Ohio Risk Sharing Authority (SORSA) is as follows:

	<u>Coverage</u>
Property	\$25,009,109
Employee dishonesty Liability	100,000
Automobile Liability	12,000,000
Uninsured Motorists	1,000,000
Medical Payments - per occurrence	5,000
General District Liability	
Total per year	12,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

SORSA financial statements are available by contacting Patrick Shaver, Schools of Ohio Risk Sharing Authority, 8050 North High St., Columbus, Ohio 43235.

B. Employee Medical Benefits

The District participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Huntington Trust. The District converted its fully-insured medical insurance program to partial self insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 9 – Risk Management (Continued)**

C. Workers' Compensation

The District participates in the Ohio School Board Association's Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP provides the participants with a centralized program for processing, analysis and management of worker's compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. The GRP's business and affairs are conducted by a 25 member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 10 – Defined Benefit Pension Plans**

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary and the District was required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$77,350, \$90,066, and \$60,717; 33 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The District contributes to 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 the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).



**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 10 – Defined Benefit Pension Plans (Continued)**

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member of the DCP 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 salary. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$318,726, \$220,500, and \$208,971; 83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**Note 11 - Postemployment Benefits**

A. School Employees Retirement System

Plan Description - The District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified 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 SERS 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 11 - Postemployment Benefits (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, the surcharge amount was \$35,800. For fiscal year 2011, the District paid \$10,643 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 District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$20,009, \$13,885, and \$37,866; 68 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 District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$4,978, \$5,356, and \$5,010, respectively; 33 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**B. State Teachers Retirement System**

Plan Description - The District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$24,517, \$16,962, and \$16,075, respectively; 83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 12 – Debt**

The changes in the District’s long-term obligations during fiscal year 2011 were as follows:

	Principal Outstanding 6/30/10	Reductions	Principal Outstanding 6/30/11	Amounts Due in One Year
<u>General Obligation Bonds:</u>				
Capital appreciation bonds – 2002	\$54,589	\$54,589		
General obligation bonds – 2010	2,840,000	90,000	\$2,750,000	\$210,000
Capital appreciation bonds – 2010	139,997		139,997	
<b>Total General Obligation Bonds</b>	<b>\$3,034,586</b>	<b>\$144,589</b>	<b>\$2,889,997</b>	<b>\$210,000</b>

2010 Advance Refunding of 2002 Bonds – Interest Rates 3.55 – 4.375%: Proceeds from the outstanding bonds were used for the purpose of advance refunding of general obligation bonds, dated July 1, 2001, which were issued for the purpose of renovating and otherwise improving school facilities. The bonds were issued on May 18, 2010. The bonds consisted of \$2,840,000 in current interest serial bonds and \$139,997, in capital appreciation bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Fiscal Year	Principal Amount	Interest Rate
2012	\$210,000	2.000%
2013	220,000	2.000%
2014	225,000	2.250%
2015	230,000	2.500%
2018	250,000	3.375%
2019	250,000	3.500%
2020	255,000	4.000%
2021	260,000	4.000%
2022	275,000	4.000%
2023	285,000	4.000%
2024	290,000	4.000%

The capital appreciation bonds were issued in the aggregate original principal amount of \$139,997 and mature on December 1, in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

Fiscal Year	Original Principal Amount	Accreted Value at Maturity
2016	\$76,352	\$235,000
2017	63,645	240,000

At June 30, 2011, the total amount of these bonds including accretion was \$172,782. The bonds are being retired through the Bond Retirement Debt Service Fund.

At June 30, 2011 \$2,985,000 of the refunded bonds were still outstanding.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 12 – Debt (Continued)**

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2011, are as follows:

Year Ended	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$210,000	\$89,100	\$299,100			
2013	220,000	84,800	304,800			
2014	225,000	80,069	305,069			
2015	230,000	74,663	304,663			
2016		71,788	71,788	\$76,352	\$158,648	\$235,000
2017-2021	1,015,000	287,031	1,302,031	63,645	176,355	240,000
2022-2024	850,000	51,600	901,600			
<b>Total</b>	<b><u>\$2,750,000</u></b>	<b><u>\$739,051</u></b>	<b><u>\$3,489,051</u></b>	<b><u>\$139,997</u></b>	<b><u>\$335,003</u></b>	<b><u>\$475,000</u></b>

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2011 are a voted debt margin of \$3,319,022 and an unvoted debt margin of \$65,677.

**Note 13 – Leases**

The District entered into a lease-purchase agreement, through the OASBO Expanded Asset Pooled Financing Program, to supplement the local cost of an amendment to the new school construction with the Ohio School Facilities Commission. Lease payments are reflected as debt service expenditures on the combined financial statements for governmental funds. Assets were acquired by the lease in the amount of \$374,990. Principal payments in fiscal year 2011 were \$9,000.

Principal and interest requirements to retire lease-purchase commitments outstanding at June 30, 2011, were as follows:

Year	Principal	Interest	Total
2012	\$10,000	\$9,767	\$19,767
2013	16,000	9,198	25,198
2014	17,000	8,475	25,475
2015	17,000	7,731	24,731
2016	18,000	6,964	24,964
2017-2021	103,000	21,878	124,878
2022-2023	47,000	2,081	49,081
<b>Total</b>	<b><u>\$228,000</u></b>	<b><u>\$66,094</u></b>	<b><u>\$294,094</u></b>

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 14 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other government funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:			
Regular Instruction		\$2,000	\$2,000
Special Instruction		69,490	69,490
Athletics		8,698	8,698
Food Service Operation		23,300	23,300
Facilities Maintenance		235,217	235,217
Debt Retirement		298,115	298,115
Capital Improvements		441,671	441,671
Total Restricted		<u>1,078,491</u>	<u>1,078,491</u>
Committed for:			
Severance	\$39,656		39,656
Assigned for:			
Unpaid Obligations	24,844		24,844
Educational Activities	111,496		111,496
Total Assigned	<u>136,336</u>		<u>136,336</u>
Unassigned	<u>2,340,382</u>		<u>2,340,382</u>
Total Fund Balance	<u>\$2,516,378</u>	<u>\$1,078,491</u>	<u>\$3,594,869</u>

**Note 15 – Set-Aside Calculations**

State statute annually requires the District to set aside in the General Fund an amount based on a statutory formula to purchase textbooks and other instructional materials and an equal amount to acquire and construct capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward for the same uses in future years.

The following cash basis information describes the change in the fund balance reserves for textbooks and capital improvements during fiscal year 2011.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 15 – Set-Aside Calculations (Continued)**

	Capital Improvements Reserve	Textbooks Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2010		
Current year set-aside requirements	\$87,019	\$87,019
Current Year Off-Sets	(25,259)	
Qualifying Disbursements	(61,760)	(47,015)
Excess Qualified Expenditures from Prior Years		(61,096)
Total		(\$21,092)

**Note 16 – Contingencies**

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

B. Litigation

There are currently no matters in litigation with the District as defendant.

**Note 17 – Jointly Governed Organizations**

A. Northwest Ohio Area Computer Service Cooperative

The District is a participant in the Northwest Ohio Area Computer Service Cooperative (NOACSC), a not-for-profit computer service organization. NOACSC is an association of public Districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Van Wert and Wood Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and electronic equipment to administrative and instructional functions among member districts.

The governing board of NOACSC consists of two representatives each county elected by majority vote of all charter member Districts within each county and one representative from the fiscal agent District. Financial information can be obtained from Ray Burden, who serves as director, at 645 S. Main St., Lima, Ohio 45804.

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**Note 17 – Jointly Governed Organizations (Continued)**

B. Millstream Cooperative Career Center

The Millstream Cooperative Career Center is a distinct political subdivision of the State of Ohio established under Section 3313.90. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Putnam and Hancock Counties Educational Service Centers serve in an ex-officio capacity for all meetings. To obtain financial information write to the Findlay City School District, Michael Barnhart, Treasurer, at 227 South West Street, Findlay, Ohio 45840-3377.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representative from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

D. State Support Team Region 1

The State Support Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Van Wert, Williams, and Wood counties, and Fostoria Community School in Seneca County. The Lucas County Educational Service Center is the fiscal agent for the SSTR1. Executive Director and Single Point of Contact is Sue Zake. Contact information is available at [www.sstr1.org](http://www.sstr1.org).

**This page intentionally left blank.**





# 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*

Pandora-Gilboa Local School District  
Putnam County  
410 Rocket Ridge  
Pandora, Ohio 45877-9607

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Pandora-Gilboa Local School District, Putnam County, Ohio (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 March 13, 2013, wherein we noted the District uses a comprehensive accounting basis other than generally accepted principles and the District adopted GASB Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*. 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 13, 2013.

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 management, the audit committee, the Board of Education, and others within the District. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

March 13, 2013

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2011-001**

**Noncompliance Citation**

**Ohio Revised Code, § 117.38**, provides 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 § 117-2-03(B)**, which further clarifies the requirements of Ohio Revised Code § 117.38, requires school districts to prepare their annual financial report in accordance with accounting principles generally accepted in the United States of America.

The District prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

**Officials' Response:**

Officials for the District believe since the District operates on a cash basis throughout the year, the cash basis of accounting statements included in this report provide the reader with an accurate depiction of the District's financial activity for the audit period and fairly represent the District's cash basis financial position as of June 30, 2012 and 2011, as well as saving the District thousands of dollars in costs of preparation and audit fees by not presenting statements on GAAP basis

**This page intentionally left blank.**

**PANDORA-GILBOA LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2010-001	Ohio Administrative Code § 117-2-03(B) for reporting on an accounting basis other than generally accepted accounting principles.	No	Finding has not been corrected and is repeated in this report as finding 2011-001.
2010-002	Ohio Revised Code § 5705.41(B) for expenditures exceeding appropriations.	No	Partially corrected. This finding is repeated in the management letter.
2010-003	Recommendation to improve monitoring of financial statements.	Yes	

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Pandora-Gilboa Local School District  
Putnam County  
410 Rocket Ridge  
Pandora, Ohio 45877-9607

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 Pandora-Gilboa Local School District, Putnam County, Ohio (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.

We noted the Board amended its anti-harassment policy at its meeting on December 26, 2010 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 of Education 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

March 13, 2013

**This page intentionally left blank.**





# Dave Yost • Auditor of State

PANDORA-GILBOA LOCAL SCHOOL DISTRICT

PUTNAM 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  
APRIL 9, 2013