



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 10, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Symmes Valley Local School District  
Lawrence County  
14778 State Route 141  
Willow Wood, Ohio 45696

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 Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Symmes Valley Local School District, Lawrence County, Ohio, as of June 30, 2006, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2006, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

December 29, 2006



## **Symmes Valley Local School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited*

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The discussion and analysis of the Symmes Valley Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

**Key financial highlights for the fiscal year 2006 are as follows:**

- Net assets of governmental activities decreased \$361,151.
- General revenues accounted for \$6,264,345 or 73% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$2,339,125 or 27% of total revenues of \$8,603,470.
- The School District had \$8,964,621 in expenses related to governmental activities; \$2,339,125 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$6,264,345 were not adequate to provide for these programs.
- The School District has one major fund, the General Fund, which had \$6,861,827 in revenues and \$6,760,346 in expenditures. The General Fund's balance increased \$72,285.

### **Using this Annual Financial Report**

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

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

### ***Reporting the School District as a Whole***

#### *Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

## Symmes Valley Local School District, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited*

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

In the Statement of Net Assets and the Statement of Activities, the School District's activities are all considered to be Governmental Activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

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

#### *Fund Financial Statements*

The analysis of the School District's major fund begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental fund is the General Fund.

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

***Fiduciary Fund*** The School District accounts for resources held for the benefit of parties outside the government as a fiduciary fund. This fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the School District's own programs. The School District uses accrual accounting for fiduciary funds, much like that of the proprietary funds.

**Symmes Valley Local School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited*

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**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2006 compared to 2005.

Table 1  
Net Assets

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Current and Other Assets	\$8,858,844	\$8,879,605
Capital Assets	<u>10,609,752</u>	<u>11,122,512</u>
Total Assets	<u>19,468,596</u>	<u>20,002,117</u>
<b>Liabilities</b>		
Long-term Liabilities	1,522,064	1,612,383
Other Liabilities	<u>1,661,871</u>	<u>1,743,922</u>
Total Liabilities	<u>3,183,935</u>	<u>3,356,305</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	9,973,729	10,343,045
Restricted	1,272,808	1,347,005
Unrestricted	<u>5,038,124</u>	<u>4,955,762</u>
Total Net Assets	<u>\$16,284,661</u>	<u>\$16,645,812</u>

Total assets and liabilities did not change significantly during the year.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2006, and comparisons to fiscal year 2005.

**Symmes Valley Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2006*

*Unaudited*

Table 2  
Changes in Net Assets

	Governmental Activities	
	2006	2005
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$584,295	\$511,941
Operating Grants, Contributions and Interest	1,741,971	1,777,426
Capital Grants and Contributions	12,859	78,328
Total Program Revenues	<u>2,339,125</u>	<u>2,367,695</u>
General Revenues		
Property Taxes	966,171	982,070
Grants and Entitlements	5,074,040	5,009,672
Gifts and Donations	16,415	7,366
Investment Earnings	188,195	149,503
Payments in Lieu of Taxes	4,784	0
Gain on Sale of Fixed Assets	600	6400
Miscellaneous	14,140	7,791
Total General Revenues	<u>6,264,345</u>	<u>6,162,802</u>
Total Revenues	<u>8,603,470</u>	<u>8,530,497</u>
<b>Program Expenses</b>		
Instruction:		
Regular	4,265,087	4,134,300
Special	873,873	1,024,600
Vocational	96,925	143,463
Support Services:		
Pupils	224,561	212,422
Instructional Staff	228,215	195,899
Board of Education	78,691	65,959
Administration	524,690	565,217
Fiscal	290,356	270,669
Operation and Maintenance of Plant	827,595	807,213
Pupil Transportation	841,302	901,343
Central	39,076	36,329
Operation of Non-Instructional Services:		
Food Service Operations	396,853	344,840
Extracurricular Activities	208,175	225,775
Interest and Fiscal Charges	69,222	72,871
Total Expenses	<u>8,964,621</u>	<u>9,000,900</u>
Decrease in Net Assets	(361,151)	(470,403)
Net Assets Beginning of Year	<u>16,645,812</u>	<u>17,116,215</u>
Net Assets End of Year	<u>\$16,284,661</u>	<u>\$16,645,812</u>

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

**Symmes Valley Local School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited*

Table 3  
Governmental Activities

	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
<b>Program Expenses</b>				
Instruction:				
Regular	4,265,087	\$3,385,301	\$4,134,300	\$3,297,724
Special	873,873	61,247	1,024,600	90,443
Vocational	96,925	96,925	143,463	101,612
Support Services:				
Pupils	224,561	219,561	212,422	207,422
Instructional Staff	228,215	123,225	195,899	128,087
Board of Education	78,691	78,691	65,959	65,820
Administration	524,690	476,988	565,217	524,977
Fiscal	290,356	290,356	270,669	270,669
Operation and Maintenance of Plant	827,595	819,757	807,213	807,213
Pupil Transportation	841,302	803,692	901,343	851,921
Central	39,076	35,022	36,329	28,367
Operation of Non-Instructional Services:				
Food Service Operations	396,853	23,484	344,840	37,199
Extracurricular Activities	208,175	142,025	225,775	148,880
Interest and Fiscal Charges	69,222	69,222	72,871	72,871
Total	<u>\$8,964,621</u>	<u>\$6,625,496</u>	<u>\$9,000,900</u>	<u>\$6,633,205</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 57% of instruction activities are supported through taxes and other general revenues.

**The School District Funds**

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,672,397 and expenditures of \$8,543,874.

**General Fund Budgeting Highlights**

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

The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

**Symmes Valley Local School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited*

For the General Fund, final budget basis estimated revenue was \$6,825,476, below original estimates of \$6,834,265. Final appropriations of \$6,940,760 were \$283,752 less than original appropriations of \$7,224,512.

The School District's ending General Fund balance was \$6,467,185.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2006, the School District had \$9,973,729 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2006 balances compared to 2005.

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	2006	2005
Land	\$111,779	\$111,779
Buildings and Improvements	9,649,458	10,104,573
Land Improvements	441,843	433,724
Furniture and Equipment	135,361	156,760
Vehicles	271,311	315,676
Totals	<u>\$10,609,752</u>	<u>\$11,122,512</u>

See Note 9 for more information on Capital Assets.

***Debt***

At June 30, 2006, the School District had the following debt outstanding:

Table 5  
Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2006	2005
Bonds Payable	\$950,838	\$1,019,743
Energy Conservation Notes Payable	12,123	35,567
Total	<u>\$962,961</u>	<u>\$1,055,310</u>

See Note 14 for more information on debt.

## **Symmes Valley Local School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited*

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### **Economic Factors**

As the preceding information shows, the School District depends on the State School Foundation Program. The Symmes Valley Local School District must maintain its current spending habits to maintain its healthy financial situation. The Symmes Valley Local School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

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

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Sue Ann Dial, Treasurer at Symmes Valley Local School District, 14778 State Route 141, Willow Wood, Ohio 45696.

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**Symmes Valley Local School District**

*Statement of Net Assets*

June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,624,381
Property Taxes Receivable	986,730
Intergovernmental Receivable	185,115
Prepaid Items	32,489
Materials and Supplies Inventory	30,129
Nondepreciable Capital Assets	111,779
Depreciable Capital Assets, Net	<u>10,497,973</u>
<i>Total Assets</i>	<u>19,468,596</u>
<b>Liabilities</b>	
Accounts Payable	77,110
Accrued Wages and Benefits Payable	581,434
Accrued Interest Payable	3,873
Matured Compensated Absences Payable	19,598
Deferred Revenue	726,628
Intergovernmental Payable	253,228
Long-Term Liabilities:	
Due within One Year	162,560
Due in More than One Year	<u>1,359,504</u>
<i>Total Liabilities</i>	<u>3,183,935</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	9,973,729
Restricted for:	
Other Purposes	388,701
Bus Purchases	38,015
Budget Stabilization	42,941
Textbooks	104,277
Capital Projects	318,686
Debt Service	380,188
Unrestricted	<u>5,038,124</u>
<i>Total Net Assets</i>	<u><u>\$16,284,661</u></u>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2006*

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Interest		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$4,265,087	\$426,729	\$453,057	\$0	(\$3,385,301)
Special	873,873	0	812,626	0	(61,247)
Vocational	96,925	0	0	0	(96,925)
Support Services:					
Pupils	224,561	0	5,000	0	(219,561)
Instructional Staff	228,215	0	104,990	0	(123,225)
Board of Education	78,691	0	0	0	(78,691)
Administration	524,690	15,713	31,989	0	(476,988)
Fiscal	290,356	0	0	0	(290,356)
Operation and Maintenance of Plant	827,595	0	7,838	0	(819,757)
Pupil Transportation	841,302	0	24,751	12,859	(803,692)
Central	39,076	0	4,054	0	(35,022)
Operation of Non-Instructional Services:					
Food Service Operations	396,853	75,703	297,666	0	(23,484)
Extracurricular Activities	208,175	66,150	0	0	(142,025)
Interest and Fiscal Charges	69,222	0	0	0	(69,222)
<b>Totals</b>	<b>\$8,964,621</b>	<b>\$584,295</b>	<b>\$1,741,971</b>	<b>\$12,859</b>	<b>(6,625,496)</b>
<b>General Revenues</b>					
Property Taxes Levied for					
General Purposes					828,006
Debt Service					121,848
Capital Outlay					16,317
Grants and Entitlements not Restricted to Specific Programs					5,074,040
Gifts and Donations					16,415
Investment Earnings					188,195
Payments in Lieu of Taxes					4,784
Gain on Sale of Capital Assets					600
Miscellaneous					14,140
<b>Total General Revenues</b>					<b>6,264,345</b>
<b>Change in Net Assets</b>					<b>(361,151)</b>
<b>Net Assets Beginning of Year</b>					<b>16,645,812</b>
<b>Net Assets End of Year</b>					<b>\$16,284,661</b>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2006*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,394,012	\$1,045,136	\$7,439,148
Receivables:			
Property Taxes	846,136	140,594	986,730
Intergovernmental	0	185,115	185,115
Interfund Receivable	72,020	0	72,020
Prepaid Items	32,489	0	32,489
Materials and Supplies Inventory	28,498	1,631	30,129
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	185,233	0	185,233
<i>Total Assets</i>	<u>\$7,558,388</u>	<u>\$1,372,476</u>	<u>\$8,930,864</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$69,040	\$8,070	\$77,110
Accrued Wages and Benefits Payable	528,817	52,617	581,434
Matured Compensated Absences Payable	19,598	0	19,598
Interfund Payable	0	72,020	72,020
Deferred Revenue	787,144	152,549	939,693
Intergovernmental Payable	217,122	36,106	253,228
<i>Total Liabilities</i>	<u>1,621,721</u>	<u>321,362</u>	<u>1,943,083</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	142,298	75,730	218,028
Reserved for Property Taxes	58,992	9,877	68,869
Reserved for Textbooks	104,277	0	104,277
Reserved for Bus Purchases	38,015	0	38,015
Reserved for Budget Stabilization	42,941	0	42,941
Unreserved, Undesignated, Reported in:			
General Fund	5,550,144	0	5,550,144
Special Revenue Funds	0	326,468	326,468
Debt Service	0	350,809	350,809
Capital Project Funds	0	288,230	288,230
<i>Total Fund Balances</i>	<u>5,936,667</u>	<u>1,051,114</u>	<u>6,987,781</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,558,388</u>	<u>\$1,372,476</u>	<u>\$8,930,864</u>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2006*

<b>Total Governmental Fund Balances</b>		<b>\$6,987,781</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,609,752
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	191,233	
Grants	<u>21,832</u>	213,065
Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.		(3,873)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(950,838)	
Energy Conservation Bonds Payable	(12,123)	
Compensated Absences Payable	<u>(559,103)</u>	<u>(1,522,064)</u>
Net Assets of Governmental Activities		<u><u>\$16,284,661</u></u>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2006*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$830,928	\$138,671	\$969,599
Intergovernmental	5,396,436	1,487,379	6,883,815
Investment Earnings	188,195	11,154	199,349
Tuition and Fees	426,729	0	426,729
Charges for Services	0	75,703	75,703
Extracurricular	1,615	80,248	81,863
Gifts and Donations	0	16,415	16,415
Payments in Lieu of Taxes	4,784	0	4,784
Miscellaneous	13,140	1,000	14,140
<i>Total Revenues</i>	<u>6,861,827</u>	<u>1,810,570</u>	<u>8,672,397</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	3,236,739	502,053	3,738,792
Special	437,810	444,157	881,967
Vocational	108,009	0	108,009
Support Services:			
Pupils	217,972	5,016	222,988
Instructional Staff	135,050	94,862	229,912
Board of Education	78,690	0	78,690
Administration	486,179	51,754	537,933
Fiscal	283,654	4,343	287,997
Operation and Maintenance of Plant	848,251	19,747	867,998
Pupil Transportation	770,963	0	770,963
Central	28,566	9,792	38,358
Operation of Non-Instructional Services:			
Food Service Operations	0	389,352	389,352
Extracurricular Activities	128,463	70,894	199,357
Capital Outlay	0	28,293	28,293
Debt Service:			
Principal Retirement	0	143,444	143,444
Interest and Fiscal Charges	0	19,821	19,821
<i>Total Expenditures</i>	<u>6,760,346</u>	<u>1,783,528</u>	<u>8,543,874</u>
<i>Excess of Revenues Over Expenditures</i>	<u>101,481</u>	<u>27,042</u>	<u>128,523</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	0	600	600
Transfers In	0	29,196	29,196
Transfers Out	(29,196)	0	(29,196)
<i>Total Other Financing Sources (Uses)</i>	<u>(29,196)</u>	<u>29,796</u>	<u>600</u>
<i>Net Change in Fund Balance</i>	72,285	56,838	129,123
<i>Fund Balances Beginning of Year</i>	<u>5,864,382</u>	<u>994,276</u>	<u>6,858,658</u>
<i>Fund Balances End of Year</i>	<u>\$5,936,667</u>	<u>\$1,051,114</u>	<u>\$6,987,781</u>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2006*

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**Net Change in Fund Balances - Total Governmental Funds** \$129,123

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital Asset Additions	70,501	
Depreciation Expense	<u>(583,261)</u>	(512,760)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Grants	(66,099)	
Delinquent Taxes	<u>(3,428)</u>	(69,527)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 143,444

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due:

Accrued Interest Payable	1,694	
Annual Accretion	<u>(51,095)</u>	(49,401)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences Payable		<u>(2,030)</u>
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*Change in Net Assets of Governmental Activities* (\$361,151)

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
General Fund  
For the Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$789,000	\$794,577	\$794,577	\$0
Intergovernmental	5,528,640	5,396,436	5,396,436	0
Investment Earnings	142,000	188,195	188,195	0
Tuition and Fees	360,000	426,729	426,729	0
Extracurricular Activities	600	1,615	1,615	0
Payments in Lieu of Taxes	5,000	4,784	4,784	0
Miscellaneous	9,025	13,140	13,140	0
<i>Total Revenues</i>	<u>6,834,265</u>	<u>6,825,476</u>	<u>6,825,476</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,316,128	3,229,077	3,229,077	0
Special	509,820	454,254	454,254	0
Vocational	117,850	108,297	108,297	0
Support Services:				
Pupils	204,800	224,324	224,324	0
Instructional Staff	152,449	144,126	144,126	0
Board of Education	92,489	76,275	76,275	0
Administration	513,548	496,683	496,683	0
Fiscal	288,660	287,197	287,197	0
Operation and Maintenance of Plant	942,708	847,849	847,849	0
Pupil Transportation	921,310	913,462	913,462	0
Central	29,500	31,019	31,019	0
Extracurricular Activities	135,250	128,197	128,197	0
<i>Total Expenditures</i>	<u>7,224,512</u>	<u>6,940,760</u>	<u>6,940,760</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(390,247)	(115,284)	(115,284)	0
<b>Other Financing Uses</b>				
Transfers Out	(34,834)	(29,196)	(29,196)	0
<i>Net Change in Fund Balance</i>	(425,081)	(144,480)	(144,480)	0
<i>Fund Balance Beginning of Year</i>	6,572,008	6,572,008	6,572,008	0
Prior Year Encumbrances Appropriated	39,657	39,657	39,657	0
<i>Fund Balance End of Year</i>	<u>\$6,186,584</u>	<u>\$6,467,185</u>	<u>\$6,467,185</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2006*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$49,134</u>
<b>Liabilities</b>	
Due to Students	<u>\$49,134</u>

See accompanying notes to the basic financial statements



## **Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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### **Note 1 - Description of the School District and Reporting Entity**

Symmes Valley Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 39 classified employees, 59 certificated full time teaching personnel, and ten administrators, who provide services to 923 students.

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

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

The School District participates in four organizations, two of which are defined as jointly governed organizations and two as insurance purchasing pools. The jointly governed organizations are the South Central Ohio Computer Association and the Pilasco-Ross Special Education Resource Center. The insurance purchasing pools are the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Lawrence County School Insurance Purchasing Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

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

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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### **A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the stand-alone government, except for the fiduciary fund. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

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

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

### **B. Fund Accounting**

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

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

**General Fund** The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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

***Fiduciary Fund Types*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Agency Funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund which accounts for student activities.

### ***C. Measurement Focus***

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

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

### ***D. Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

### ***E. Cash and Cash Equivalents***

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

During fiscal year 2006, the School District had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006 amounted to \$188,195, which includes \$16,941 assigned from other School District funds.

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

### ***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the fiscal year in which services are consumed.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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**G. Inventory**

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

**H. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for budget stabilization and the purchase of textbooks and other instructional material. See Note 18 for additional information regarding set-asides.

**I. Capital Assets**

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

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

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	50 years
Land Improvements	20 years
Furniture and Equipment	5-20 years
Vehicles	3-10 years

**J. Compensated Absences**

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

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

***K. Accrued Liabilities and Long-term Obligations***

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

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

***L. Interfund Activity***

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

***M. Interfund Balances***

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

***N. Fund Balance Reserves***

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, textbooks, bus purchases, and budget stabilization.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

***O. Designated Fund Balance***

The school district has general fund balance designations of \$42,941 for Budget Stabilization. This amount represents monies set-aside by the Board of Education over and above the legally required amounts to be set-aside.

***P. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation 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 and federal and state grants restricted to expenditure for specified purposes. The government-wide statement of net assets reports \$1,272,808 of restricted net assets, none of which has resulted from enabling legislation.

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

***Q. Extraordinary and Special Items***

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

***R. Estimates***

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

***S. Budgetary Process***

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

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue for most line items.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at year end for most line items.

**Note 3 - Changes in Accounting Principles**

For the fiscal year ended June 30, 2006, the School District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" and GASB Statement No. 47, "Accounting for Termination Benefits."

GASB Statement No. 42 provides guidance on the accounting treatment and financial reporting requirements for impairments of capital assets and insurance recoveries. The implementation of this statement had no effect on the financial statements.

GASB Statement No. 47 establishes accounting standards for termination benefits. The implementation of this statement had no effect on the financial statements.

**Note 4 - Accountability**

The following funds had deficit fund balances at June 30, 2006:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
EMIS	\$105
Entry Year	12
Poverty Aid	37,977
SchoolNet OneNet	77

These deficits are due to adjustments for accrued liabilities. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.



**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$72,285
Revenue Accruals	(36,351)
Beginning of Year Prepaid Items	25,514
End of Year Prepaid Items	(32,489)
Expenditure Accruals	10,641
Encumbrances	<u>(184,080)</u>
Budget Basis	<u><u>(\$144,480)</u></u>

**Note 6 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board 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.

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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;
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;
7. The State Treasurer's investment pool (STAROhio).
8. Commercial paper and bankers acceptances if training requirements have been met.

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

### ***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$7,755,818 of the School District's bank balance of \$7,855,818 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and 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.

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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### **Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value listed as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lawrence County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006, was \$58,992 in the General Fund, \$8,780 in the Bond Retirement Fund, and \$1,097 in the Classroom Facilities Special Revenue Fund. The amount available as an advance at June 30, 2005, was \$22,641 in the General Fund, \$3,396 in the Bond Retirement Fund, and \$433 in the Classroom Facilities Special Revenue Fund.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2006 taxes were collected for Lawrence County are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$32,090,240	78%	\$32,401,100	79%
Public Utility Personal	7,404,810	18%	7,106,110	17%
General Business Personal	1,598,170	4%	1,563,720	4%
<b>Total</b>	<b>\$41,093,220</b>	<b>100%</b>	<b>\$41,070,930</b>	<b>100%</b>
Tax rate per \$1,000 of assessed valuation	\$28.60		\$28.60	

**Note 8 - Receivables**

Receivables at June 30, 2006, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Special Revenue Funds:	
IDEA-B	\$53,358
Title I	113,641
Title V	279
Drug Free Schools	3,181
Improving Teacher Quality	5,130
Title II-D	7,891
Title VI-B Rural and Low Income	1,635
<b>Total Intergovernmental Receivables</b>	<b>\$185,115</b>

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance</u> <u>6/30/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2006</u>
Capital Assets:				
Capital Assets not being depreciated:				
Land	<u>\$111,779</u>	<u>\$0</u>	<u>\$0</u>	<u>\$111,779</u>
Depreciable Capital Assets:				
Buildings and Improvements	14,605,269	6,935	0	14,612,204
Land Improvements	745,081	40,819	0	785,900
Furniture and Equipment	437,447	0	0	437,447
Vehicles	<u>1,203,087</u>	<u>22,747</u>	<u>(18,091)</u>	<u>1,207,743</u>
Total Capital Assets being Depreciated	<u>16,990,884</u>	<u>70,501</u>	<u>(18,091)</u>	<u>17,043,294</u>
Less Accumulated Depreciation				
Buildings and Improvements	(4,500,696)	(462,050)	0	(4,962,746)
Land Improvements	(311,357)	(32,700)	0	(344,057)
Furniture and Equipment	(280,687)	(21,399)	0	(302,086)
Vehicles	<u>(887,411)</u>	<u>(67,112)</u>	<u>18,091</u>	<u>(936,432)</u>
Total Accumulated Depreciation	<u>(5,980,151)</u>	<u>(583,261) *</u>	<u>18,091</u>	<u>(6,545,321)</u>
Total Capital Assets being Depreciated, Net	<u>11,010,733</u>	<u>(512,760)</u>	<u>0</u>	<u>10,497,973</u>
Capital Assets, Net	<u><u>\$11,122,512</u></u>	<u><u>(\$512,760)</u></u>	<u><u>\$0</u></u>	<u><u>\$10,609,752</u></u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$489,465
Support Services:	
Administration	3,707
Fiscal	1,775
Transportation	72,404
Extracurricular	8,818
Operation of Non-Instructional Services:	
Food Service Operations	7,092
Total Depreciation Expense	<u><u>\$583,261</u></u>

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2006, the School District contracted with Hylant Administrative Services for property insurance in the amount of \$26,269,100.

Professional and general liability is protected by Hylant Administrative Services with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Hylant Administrative Services and hold a \$250 deductible for comprehensive and \$500 deductible for collision. Automobile liability coverage is as follows:

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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a) Liability per Accident \$2,000,000, b) Auto Medical Payments per Accident \$5,000 and c) Uninsured Motorists per Accident \$1,000,000. Settled claims have not exceeded this commercial coverage in any of the past five years. There has not been a significant reduction in coverage from the prior year.

For fiscal year 2006, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Note 11 - Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are on a twelve month contract earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 65 days for certified employees and 60 days for classified employees.

***B. Life Insurance and Health Care Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to certified and administrative employees through Community National Assurance Company. The coverage amount is \$30,000 for all employees. Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$1,223 for family coverage and \$495 for single coverage. The School District pays 90% of both premiums. Dental Insurance is provide by Medical Mutual of Ohio. Premiums for this coverage are \$73 for family coverage, \$23 for single coverage, and \$54 for two-party coverage. The School District pays 75% of all three premiums.

**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-

## **Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004, were \$90,510, \$91,798 and \$51,220; 44 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

### ***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$464,349, \$442,193 and \$233,444; 83 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

### **Note 13 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$35,719 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, School District paid \$48,705 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005



**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

(the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants currently receiving health care benefits.

**Note 14 – Long-Term Obligations**

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

	Principal Outstanding 6/30/2005	Additions	Reductions	Principal Outstanding 6/30/2006	Amounts Due in One Year
1998 Refunding Bonds:					
Serial Bonds 5.5%	\$400,000	\$0	\$120,000	\$280,000	\$135,000
Capital Appreciation Bonds 7.9%-8.24%	343,900	0	0	343,900	0
Accretion on Capital Appreciation Bonds	275,843	51,095	0	326,938	0
Total Refunding Bonds	<u>1,019,743</u>	<u>51,095</u>	<u>120,000</u>	<u>950,838</u>	<u>135,000</u>
1999 Energy Conservation Notes 4.5%	35,567	0	23,444	12,123	12,123
Compensated Absences	557,073	61,998	59,968	559,103	15,437
Total Long-Term Liabilities	<u>\$1,612,383</u>	<u>\$113,093</u>	<u>\$203,412</u>	<u>\$1,522,064</u>	<u>\$162,560</u>

Compensated absences will be paid from the fund from which the person is paid, which are the General Fund, the Food Service Special Revenue Fund, the Poverty Based Assistance Special Revenue Fund, Special Educational Grants to States Special Revenue Fund and the Title I Grants to Local Educational Agencies Special Revenue Fund.

Energy Conservation Notes - On December 1, 1999, Symmes Valley Local School District issued \$147,000 in unvoted notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for an eight year period with final maturity during fiscal year 2007. The notes will be retired from the Debt Service Fund.

School Improvement General Obligation Bonds - On July 1, 1990, the Symmes Valley Local School District issued \$1,530,000 in voted general obligation bonds for the purpose of constructing a new elementary school and renovation of the high school. The bonds were issued for a 23 year period with final maturity at October 1, 2013. These bonds were refunded in 1998.

On January 26, 1998, the School District issued \$1,408,900 in general obligation refunding bonds to replace \$1,435,000 of outstanding 1990 School Improvement General Obligation Bonds. The bond issue included serial and capital appreciation bonds, in the amounts of \$1,065,000 and \$343,900, respectively. \$1,540,865 (after premium, underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 1990 School Improvement Bonds. As of June 30, 2005, \$1,285,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements.

The capital appreciation bonds mature October 1, 2008 through October 1, 2013. The maturity amount of the bonds is \$970,000. For fiscal year 2006, \$51,095 was accreted for a total bond value of \$670,838.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

Annual requirements to retire general obligation bonds, including accreted interest of \$626,100, are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2007	\$135,000	\$15,400	\$0	\$0
2008	145,000	7,975	0	0
2009	0	0	65,400	89,600
2010	0	0	62,400	97,600
2011	0	0	58,400	101,600
2012-2014	0	0	157,700	337,300
<b>Total</b>	<b>\$280,000</b>	<b>\$23,375</b>	<b>\$343,900</b>	<b>\$626,100</b>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

Principal and interest requirements to retire the energy conservation project note outstanding at June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$12,123	\$159	\$12,282

The School District's overall legal debt margin was \$3,628,855, with an unvoted debt margin of \$28,256 at June 30, 2006.

**Note 15 – Interfund Balances and Transfers**

Interfund receivables and payables at June 30, 2006, consist of the following individual balances, representing monies advanced to federal grant funds to be repaid when grant funds are received:

	Interfund Receivable	Interfund Payable
General Fund:	\$72,020	\$0
Special Revenue Funds:		
Title I	0	71,943
Title V	0	77
Total Special Revenue Funds	0	72,020
Total All Funds	\$72,020	\$72,020

During fiscal year 2006, the General Fund made transfers to the District Managed Activity Special Revenue Fund in the amount of \$4,631 to subsidize extracurricular activities. The General Fund also transferred \$24,565 to the Bond Retirement Fund for the repayment of debt.

## **Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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### **Note 16 - Jointly Governed Organization**

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. Symmes Valley Local School District paid \$28,686 for services provided during fiscal year 2006. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

Pilasco-Ross Special Education Regional Resources Center (SERRC) is a special education center which selects its own Board, adopts its own budget, and receives Federal and State grants for its operation. The organization represents Lawrence County, Pike County, Ross County, and Scioto County. The jointly governed organization was formed for the purpose of initiating, expanding, and improving special education programs and services for children with disabilities and their parents. Pilasco-Ross is governed by a Board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered non-public schools, representatives of county boards of MRDD, Shawnee State University, and the South Region Professional Development Center whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. During the fiscal year 2006, the school district paid \$20,757.71 to Pilasco-Ross through Dawson Bryant. Dawson Bryant Local School District serves as the fiscal agent for Pilasco-Ross. To obtain financial information, write to Dawson Bryant Local School District, 22 Lane Street, Coal Grove, Ohio 45638.

### **Note 17 - Insurance Purchasing Pool**

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

The Lawrence County Schools' Insurance Purchasing Consortium is an insurance purchasing pool whose business affairs are conducted by a nine member Board. The Board consists of superintendents of member school districts and educational service centers.

### **Note 18 - Set Asides**

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

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006*

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

	Budget		Capital
	Stabilization	Textbooks	Improvements
Set-Aside Reserve Balance as of as of June 30, 2005	\$42,941	\$90,642	(\$28,664)
Current Year Set-Aside Requirement	0	135,083	135,083
Current Year Offsets	0	0	(17,682)
Qualifying Disbursements	0	(121,448)	(137,349)
Totals	<u>\$42,941</u>	<u>\$104,277</u>	<u>(\$48,612)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$42,941</u>	<u>\$104,277</u>	<u>(\$48,612)</u>
Set-Aside Reserve Balance as of June 30, 2006	<u>\$42,941</u>	<u>\$104,277</u>	<u>\$0</u>

**Note 19 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

***B. Litigation***

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR JUNE 30, 2006**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Pass-Through Entity's Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	N/A	10.550	\$0	\$ 15,238	\$0	\$ 15,238
Nutrition Cluster: School Breakfast Program	05PU-2005 05PU-2006	10.553	15,009 74,868		15,009 74,868	
Total School Breakfast Program			89,877	0	89,877	0
National School Lunch Program	LLP4-2005 LLP4-2006	10.555	26,129 133,332		26,129 133,332	
Total National School Lunch Program			159,461	0	159,461	0
Total Nutrition Cluster			249,338	0	249,338	0
Total U.S. Department of Agriculture			249,338	15,238	249,338	15,238
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1S1-2005 C1S1-2006	84.010	4,526 201,205		26,246 273,148	
Total Title I Grants to Local Educational Agencies			205,731	0	299,394	0
Special Education Grants to States	6BSF-2005 6BSF-2006	84.027	23,240 188,877		10,513 181,510	
Total Special Education Grants to States			212,117	0	192,023	0
Safe and Drug-Free Schools and Communities State Grants	DRS1-2005 DRS1-2006	84.186	10,328 9,299		2,175 8,351	
Total Safe and Drug-Free Schools and Communities State Grants			19,627	0	10,526	0
State Grants for Innovative Programs	C2S1-2005 C2S1-2006	84.298	(202) 2,713		357 2,790	
Total State Grants for Innovative Programs			2,511	0	3,147	0
Education Technology State Grants	TJS1-2005 TJS1-2006	84.318	4,405 875		5,224 3,212	
Total Education Technology State Grants			5,280	0	8,436	0
Rural Education	RUS1-2005 RUS1-2006	84.358	19,208 26,875		18,435 23,300	
Total Rural Education			46,083	0	41,735	0
Improving Teacher Quality State Grants	TRS1-2005 TRS1-2006	84.367	9,894 85,532		14,402 82,319	
Total Improving Teacher Quality State Grants			95,426	0	96,721	0
Total U.S. Department of Education			586,775	0	651,982	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$ 836,113</b>	<b>\$ 15,238</b>	<b>\$ 901,320</b>	<b>\$ 15,238</b>

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C - TRANSFERS**

Transfers were made between the 2005 and 2006 grant years as follows:

Program:	Amount:	From Grant Year:	To Grant Year:
CFDA 84.027	\$5,474	2005	2006
CFDA 84.186	\$2,998	2005	2006
CFDA 84.367	\$3,802	2005	2006

Transfers were made between programs within the Comprehensive Continuous Improvement Plan in the 2005 and 2006 grant years as follows:

Program Transferring:	Program Receiving:	Amount:	Grant Year:
CFDA 84.027	CFDA 84.010	\$4,526	2005
CFDA 84.186	CFDA 84.010	\$31,631	2006



## Auditor of State Betty Montgomery

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

Symmes Valley Local School District  
Lawrence County  
14778 State Route 141  
Willow Wood, Ohio 45696

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 Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 29, 2006. 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 School District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the School District's management dated December 29, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's basic 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the School District's management dated December 29, 2006, we reported other matters related to noncompliance we deemed immaterial.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Symmes Valley Local School District  
Lawrence County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

December 29, 2006





**Auditor of State  
Betty Montgomery**

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

Symmes Valley Local School District  
Lawrence County  
14778 State Route 141  
Willow Wood, Ohio 45696

To the Board of Education:

**Compliance**

We have audited the compliance of Symmes Valley Local School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2006. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### **Internal Control Over Compliance**

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



**Betty Montgomery**  
Auditor of State

December 29, 2006

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under ' .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster – CFDA # 10.553 and 10.555 Title I Grants to Local Educational Agencies – CFDA #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
JUNE 30, 2006**

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>
2005-001	Questioned Cost - Expenditures were made outside the available period.	Yes	





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**SYMMES VALLEY LOCAL SCHOOL DISTRICT**

**LAWRENCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 16, 2007**