



Mary Taylor, CPA
Auditor of State

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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Mary Taylor, CPA

Auditor of State

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 the Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2009, 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 the Symmes Valley Local School District, Lawrence County, Ohio, as of June 30, 2009, 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 August 6, 2009, 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 Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 6, 2009

Symmes Valley Local School District, Ohio

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

The discussion and analysis of the Symmes Valley Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. 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 2009 are as follows:

- Net assets of governmental activities decreased \$1,643,548.
- General revenues accounted for \$6,197,562 or 72% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$2,426,162 or 28% of total revenues of \$8,623,724.
- The School District had \$10,267,272 in expenses related to governmental activities; \$2,426,162 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$6,197,562 were not adequate to provide for these programs.
- The School District has one major fund, the General Fund, which had \$7,306,913 in revenues and \$7,946,520 in expenditures. The General Fund's balance decreased \$667,457.

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 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 2009?" 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, 2009
Unaudited*

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 fund. 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's fiduciary fund is an agency fund, which accounts for resources held for the benefit of student managed activities. 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.

Symmes Valley Local School District, Ohio

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

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 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities		
	2009	2008	Variance
Assets			
Current and Other Assets	\$6,897,748	\$8,086,461	(\$1,188,713)
Capital Assets	9,436,524	9,930,040	(493,516)
Total Assets	<u>16,334,272</u>	<u>18,016,501</u>	<u>(1,682,229)</u>
Liabilities			
Long-term Liabilities	1,504,915	1,406,177	98,738
Other Liabilities	1,700,860	1,838,279	(137,419)
Total Liabilities	<u>3,205,775</u>	<u>3,244,456</u>	<u>(38,681)</u>
Net Assets			
Invested in Capital Assets, Net of Debt	9,158,024	9,586,140	(428,116)
Restricted	1,586,636	1,711,638	(125,002)
Unrestricted	2,383,837	3,474,267	(1,090,430)
Total Net Assets	<u>\$13,128,497</u>	<u>\$14,772,045</u>	<u>(\$1,643,548)</u>

Total assets decreased significantly, due in part to cash balance reductions from an increase in expenditures for payroll caused by a five percent increase for most employees. Total assets also decreased due to depreciation on capital assets in excess of capital asset additions. Liabilities did not change significantly during the year.

Symmes Valley Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009, and comparisons to fiscal year 2008.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Revenues			
Program Revenues			
Charges for Services	\$680,645	\$574,545	\$106,100
Operating Grants, Contributions and Interest	1,714,259	1,678,446	35,813
Capital Grants	31,258	9,986	21,272
Total Program Revenues	<u>2,426,162</u>	<u>2,262,977</u>	<u>163,185</u>
General Revenues			
Property Taxes	703,669	1,457,882	(754,213)
Grants and Entitlements	5,322,186	5,309,507	12,679
Investment Earnings	151,963	274,471	(122,508)
Gain on Sale of Fixed Assets	0	7,083	(7,083)
Miscellaneous	19,744	21,630	(1,886)
Total General Revenues	<u>6,197,562</u>	<u>7,070,573</u>	<u>(873,011)</u>
Total Revenues	<u>8,623,724</u>	<u>9,333,550</u>	<u>(709,826)</u>
Program Expenses			
Instruction:			
Regular	5,040,651	4,764,323	276,328
Special	995,330	987,889	7,441
Vocational	150,367	178,767	(28,400)
Support Services:			
Pupils	331,956	279,518	52,438
Instructional Staff	235,897	233,968	1,929
Board of Education	57,521	54,282	3,239
Administration	579,036	588,260	(9,224)
Fiscal	346,436	314,836	31,600
Operation and Maintenance of Plant	811,263	926,530	(115,267)
Pupil Transportation	951,688	952,734	(1,046)
Central	93,925	69,156	24,769
Operation of Non-Instructional Services:			
Food Service Operations	412,546	416,678	(4,132)
Community Services	0	1,875	(1,875)
Extracurricular Activities	205,432	250,807	(45,375)
Interest and Fiscal Charges	55,224	62,128	(6,904)
Total Expenses	<u>10,267,272</u>	<u>10,081,751</u>	<u>185,521</u>
Decrease in Net Assets	(1,643,548)	(748,201)	(895,347)
Net Assets Beginning of Year	14,772,045	15,520,246	(748,201)
Net Assets End of Year	<u>\$13,128,497</u>	<u>\$14,772,045</u>	<u>(\$1,643,548)</u>

Symmes Valley Local School District, Ohio

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

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.

Table 3
Governmental Activities

	<u>Total Cost of Services</u> 2009	<u>Net Cost of Services</u> 2009	<u>Total Cost of Services</u> 2008	<u>Net Cost of Services</u> 2008
Program Expenses				
Instruction:				
Regular	\$5,040,651	\$4,035,462	\$4,764,323	\$3,800,198
Special	995,330	243,276	987,889	289,382
Vocational	150,367	103,934	178,767	178,767
Support Services:				
Pupils	331,956	288,347	279,518	238,178
Instructional Staff	235,897	146,238	233,968	141,363
Board of Education	57,521	57,521	54,282	54,282
Administration	579,036	553,492	588,260	561,892
Fiscal	346,436	346,436	314,836	314,836
Operation and Maintenance of Plant	811,263	761,259	926,530	926,082
Pupil Transportation	951,688	906,998	952,734	919,653
Central	93,925	86,495	69,156	61,631
Operation of Non-Instructional Services:				
Food Service Operations	412,546	96,158	416,678	66,970
Community Services	0	0	1,875	1,875
Extracurricular Activities	205,432	160,270	250,807	201,537
Interest and Fiscal Charges	55,224	55,224	62,128	62,128
Total	<u><u>\$10,267,272</u></u>	<u><u>\$7,841,110</u></u>	<u><u>\$10,081,751</u></u>	<u><u>\$7,818,774</u></u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 71% 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 \$8,953,335 and expenditures of \$9,675,018. The \$667,457 decrease in General Fund balance is due to a combination of increased salary expenditures under new employment contracts with the School District's unions, transfers in anticipation of future capital improvements and repairs, and increased costs for fuel and insurance in the face of a decrease in revenue.

Symmes Valley Local School District, Ohio

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

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.

For the General Fund, final budget basis estimated revenue was \$7,289,180, \$46,507 above original estimates of \$7,242,673. Final appropriations of \$8,043,972 were \$400,771 less than original appropriations of \$8,444,743.

The School District's ending General Fund balance was \$4,460,076.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$9,436,524 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 balances compared to 2008.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2009	2008
Land	\$111,779	\$111,779
Buildings and Improvements	8,314,948	8,746,055
Land Improvements	435,669	479,939
Furniture and Equipment	229,977	175,317
Vehicles	344,151	416,950
Totals	<u>\$9,436,524</u>	<u>\$9,930,040</u>

See Note 8 for more information on Capital Assets.

Symmes Valley Local School District, Ohio

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

Debt

At June 30, 2009, the School District had the following debt outstanding:

Table 5
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Bonds Payable	\$686,596	\$786,372

See Note 13 for more information.

Economic Factors

The School District depends heavily on the State School Foundation Program. Due to declining enrollment, the School District receives transitional aid guarantee funds. The School District is addressing its current financial trends by staff reductions through attrition, as well as reducing bus routes. The School District must continue to look for ways to cut costs in order to maintain its healthy financial situation. The 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 citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact 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, Ohio

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,790,055
Accounts Receivable	4,331
Intergovernmental Receivable	48,217
Property Taxes Receivable	1,021,723
Materials and Supplies Inventory	33,422
Nondepreciable Capital Assets	111,779
Depreciable Capital Assets, Net	<u>9,324,745</u>
<i>Total Assets</i>	<u>16,334,272</u>
Liabilities	
Accounts Payable	44,694
Accrued Wages and Benefits Payable	685,458
Matured Compensated Absences Payable	43,965
Deferred Revenue	673,227
Intergovernmental Payable	253,516
Long-Term Liabilities:	
Due within One Year	268,788
Due in More than One Year	<u>1,236,127</u>
<i>Total Liabilities</i>	<u>3,205,775</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	9,158,024
Restricted for:	
Bus Purchases	30,592
Budget Stabilization	42,941
Textbooks	205,753
Capital Projects	408,255
Debt Service	360,995
Other Purposes	538,100
Unrestricted	<u>2,383,837</u>
<i>Total Net Assets</i>	<u>\$13,128,497</u>

See accompanying notes to the basic financial statements

Symmes Valley Local School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2009

		Program Revenues			Net (Expense)
		Operating Grants,			Revenue and
		Charges for	Contributions	Capital	Changes in
	Expenses	Services	and Interest	Grants	Net Assets
					Governmental
					Activities
Governmental Activities					
Instruction:					
Regular	\$5,040,651	\$525,305	\$477,667	\$2,217	(\$4,035,462)
Special	995,330	0	752,054	0	(243,276)
Vocational	150,367	0	46,433	0	(103,934)
Support Services:					
Pupils	331,956	0	43,609	0	(288,347)
Instructional Staff	235,897	7,612	82,047	0	(146,238)
Board of Education	57,521	0	0	0	(57,521)
Administration	579,036	14,341	11,203	0	(553,492)
Fiscal	346,436	0	0	0	(346,436)
Operation and Maintenance of Plant	811,263	0	41,569	8,435	(761,259)
Pupil Transportation	951,688	0	24,084	20,606	(906,998)
Central	93,925	0	7,430	0	(86,495)
Operation of Non-Instructional Services:					
Food Service Operations	412,546	89,052	227,336	0	(96,158)
Extracurricular Activities	205,432	44,335	827	0	(160,270)
Interest and Fiscal Charges	55,224	0	0	0	(55,224)
<i>Totals</i>	<u>\$10,267,272</u>	<u>\$680,645</u>	<u>\$1,714,259</u>	<u>\$31,258</u>	<u>(7,841,110)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					604,577
Debt Service					88,023
Capital Outlay					11,069
Grants and Entitlements not Restricted to Specific Programs					5,322,186
Investment Earnings					151,963
Miscellaneous					19,744
<i>Total General Revenues</i>					<u>6,197,562</u>
<i>Change in Net Assets</i>					(1,643,548)
<i>Net Assets Beginning of Year</i>					<u>14,772,045</u>
<i>Net Assets End of Year</i>					<u>\$13,128,497</u>

See accompanying notes to the basic financial statements

Symmes Valley Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,225,832	\$1,284,937	\$5,510,769
Receivables:			
Property Taxes	877,365	144,358	1,021,723
Accounts	0	4,331	4,331
Intergovernmental	0	48,217	48,217
Materials and Supplies Inventory	32,245	1,177	33,422
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	279,286	0	279,286
<i>Total Assets</i>	<u>\$5,414,728</u>	<u>\$1,483,020</u>	<u>\$6,897,748</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$18,878	\$25,816	\$44,694
Accrued Wages and Benefits Payable	614,404	71,054	685,458
Matured Compensated Absences Payable	43,965	0	43,965
Deferred Revenue	742,166	170,267	912,433
Intergovernmental Payable	235,935	17,581	253,516
<i>Total Liabilities</i>	<u>1,655,348</u>	<u>284,718</u>	<u>1,940,066</u>
Fund Balances			
Reserved for Encumbrances	32,422	163,038	195,460
Reserved for Property Taxes	135,199	22,308	157,507
Reserved for Textbooks	205,753	0	205,753
Reserved for Bus Purchases	30,592	0	30,592
Reserved for Budget Stabilization	42,941	0	42,941
Unreserved, Undesignated, Reported in:			
General Fund	3,312,473	0	3,312,473
Special Revenue Funds	0	288,009	288,009
Debt Service Fund	0	316,692	316,692
Capital Project Funds	0	408,255	408,255
<i>Total Fund Balances</i>	<u>3,759,380</u>	<u>1,198,302</u>	<u>4,957,682</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,414,728</u>	<u>\$1,483,020</u>	<u>\$6,897,748</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, 2009*

Total Governmental Fund Balances		\$4,957,682
 <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.		9,436,524
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	190,989	
Grants	48,217	239,206
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(686,596)	
Special Termination Benefits Payable	(162,480)	
Compensated Absences Payable	(655,839)	(1,504,915)
Net Assets of Governmental Activities		\$13,128,497

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, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$865,207	\$142,139	\$1,007,346
Intergovernmental	5,752,574	1,320,753	7,073,327
Investment Earnings	151,963	11,004	162,967
Tuition and Fees	525,305	0	525,305
Charges for Services	0	89,052	89,052
Extracurricular Activities	375	65,913	66,288
Gifts and Donations	0	9,306	9,306
Miscellaneous	11,489	8,255	19,744
<i>Total Revenues</i>	<u>7,306,913</u>	<u>1,646,422</u>	<u>8,953,335</u>
Expenditures			
Current:			
Instruction:			
Regular	3,933,830	449,804	4,383,634
Special	589,829	402,715	992,544
Vocational	150,089	0	150,089
Support Services:			
Pupils	264,549	45,413	309,962
Instructional Staff	144,931	89,440	234,371
Board of Education	57,521	0	57,521
Administration	562,095	23,843	585,938
Fiscal	338,897	5,304	344,201
Operation and Maintenance of Plant	791,273	98,162	889,435
Pupil Transportation	873,908	456	874,364
Central	85,267	7,861	93,128
Operation of Non-Instructional Services:			
Food Service Operations	0	407,037	407,037
Extracurricular Activities	154,331	43,463	197,794
Debt Service:			
Principal Retirement	0	65,400	65,400
Capital Appreciation Bonds Interest	0	89,600	89,600
<i>Total Expenditures</i>	<u>7,946,520</u>	<u>1,728,498</u>	<u>9,675,018</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(639,607)</u>	<u>(82,076)</u>	<u>(721,683)</u>
Other Financing Sources (Uses)			
Transfers In	0	27,850	27,850
Transfers Out	(27,850)	0	(27,850)
<i>Total Other Financing Sources (Uses)</i>	<u>(27,850)</u>	<u>27,850</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(667,457)	(54,226)	(721,683)
<i>Fund Balances Beginning of Year</i>	<u>4,426,837</u>	<u>1,252,528</u>	<u>5,679,365</u>
<i>Fund Balances End of Year</i>	<u>\$3,759,380</u>	<u>\$1,198,302</u>	<u>\$4,957,682</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, 2009*

Net Change in Fund Balances - Total Governmental Funds (\$721,683)

*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	89,908	
Depreciation Expense	<u>(583,424)</u>	(493,516)

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

Grants	(25,934)	
Delinquent Taxes	<u>(303,677)</u>	(329,611)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 155,000

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

Annual Accretion		(55,224)
------------------	--	----------

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:

Special Termination Benefits Payable	(162,480)	
Compensated Absences Payable	<u>(36,034)</u>	<u>(198,514)</u>

Change in Net Assets of Governmental Activities (\$1,643,548)

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$898,961	\$847,419	\$847,419	\$0
Intergovernmental	5,638,505	5,752,574	5,752,574	0
Investment Earnings	267,033	152,018	152,018	0
Tuition and Fees	426,367	525,305	525,305	0
Extracurricular Activities	2,115	375	375	0
Miscellaneous	9,692	11,489	11,489	0
<i>Total Revenues</i>	<u>7,242,673</u>	<u>7,289,180</u>	<u>7,289,180</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	3,879,453	3,878,021	3,878,021	0
Special	674,320	607,221	607,221	0
Vocational	206,871	169,626	169,626	0
Support Services:				
Pupils	248,813	262,174	262,174	0
Instructional Staff	167,895	150,844	150,844	0
Board of Education	72,054	58,698	58,698	0
Administration	584,686	561,700	561,700	0
Fiscal	341,652	329,839	329,839	0
Operation and Maintenance of Plant	1,032,854	918,775	918,775	0
Pupil Transportation	977,618	867,043	867,043	0
Central	86,900	85,229	85,229	0
Extracurricular Activities	171,627	154,802	154,802	0
<i>Total Expenditures</i>	<u>8,444,743</u>	<u>8,043,972</u>	<u>8,043,972</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,202,070)</u>	<u>(754,792)</u>	<u>(754,792)</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	14,654	0	0	0
Transfers Out	(395,156)	(27,850)	(27,850)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(380,502)</u>	<u>(27,850)</u>	<u>(27,850)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,582,572)</u>	<u>(782,642)</u>	<u>(782,642)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	5,199,506	5,199,506	5,199,506	0
Prior Year Encumbrances Appropriated	43,212	43,212	43,212	0
<i>Fund Balance End of Year</i>	<u>\$3,660,146</u>	<u>\$4,460,076</u>	<u>\$4,460,076</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, 2009

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$38,954</u>
Liabilities	
Due to Students	<u>\$38,954</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, 2009*

Note 1 - Description of the School District and Reporting Entity

The Symmes Valley Local School District (the 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 31 classified employees, 64 certificated full time teaching personnel, and 12 administrators, who provide services to 839 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 the 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, one of which is defined as a jointly governed organization and three as insurance purchasing pools. The jointly governed organization is the South Central Ohio Computer Association, and the insurance purchasing pools are the Ohio School Plan, the Lawrence County Schools Insurance Purchasing Consortium, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 15 and 16 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.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement

Symmes Valley Local School District, Ohio

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

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.

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,

Symmes Valley Local School District, Ohio

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

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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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 6). 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 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.

Symmes Valley Local School District, Ohio

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

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, 2009, but which were levied to finance fiscal year 2010 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 2009, 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 2009 amounted to \$151,963, which includes \$22,051 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, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

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

Symmes Valley Local School District, Ohio

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

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 17 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, 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	20-50 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, 2009*

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

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, 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 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

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

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

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

Symmes Valley Local School District, Ohio

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

appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, textbooks, bus purchases, and budget stabilization.

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

P. Extraordinary and Special Items

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

Q. Estimates

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

R. Budgetary 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. Allocations of appropriations among functions and objects are made by the Treasurer.

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

Symmes Valley Local School District, Ohio

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

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 - Accountability

The following funds had deficit fund balances at June 30, 2009:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
Lunchroom	\$11,589
Public School Preschool	9,527
Poverty Aid	30,807
Idea-B	4,382
Title I	11,418
Title II-A	3,584
Miscellaneous Federal Grants	423

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

Note 4 - 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).

Symmes Valley Local School District, Ohio

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

4. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary 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	(\$667,457)
Revenue Accruals	(17,607)
Beginning of Fiscal Year Prepaid Items	2,203
End of Fiscal Year:	
Unrecorded Interest	(126)
Expenditure Accruals	(54,739)
Encumbrances	(44,916)
Budget Basis	<u>(\$782,642)</u>

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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;

Symmes Valley Local School District, Ohio

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

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
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); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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, \$5,645,734 of the School District's bank balance of \$5,895,734 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 credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 - 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 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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.

Symmes Valley Local School District, Ohio

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

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 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 2009 (other than public utility property tax) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value listed as of December 31, 2008. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 was 6.25 percent. The assessment was phased out in 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 and Gallia Counties. The Lawrence County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 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, 2009, 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, 2009, was \$135,199 in the General Fund, \$19,885 in the Bond Retirement Fund, and \$2,423 in the Classroom Facilities Special Revenue Fund. The amount available as an advance at June 30, 2008, was \$117,411 in the General Fund, \$17,330 in the Bond Retirement Fund, and \$2,107 in the Classroom Facilities Special Revenue Fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected from Lawrence County are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$37,501,010	84%	\$37,689,870	85%
Public Utility Personal	5,900,940	13%	5,550,070	13%
General Business Personal	1,120,730	3%	1,070,070	2%
Total	\$44,522,680	100%	\$44,310,010	100%
Tax rate per \$1,000 of assessed valuation	\$26.00		\$26.00	

Symmes Valley Local School District, Ohio

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

Note 7 - Receivables

Receivables at June 30, 2009, consisted of accounts, property taxes, 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. Other than delinquent property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies, that will not be received in one year. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Special Revenue Funds:	
Title I	\$23,084
Title II-A	13,330
Title II-D	288
Drug Free Schools	382
IDEA-B	9,392
Title VI-B Rural and Low Income	1,741
Total Intergovernmental Receivables	<u>\$48,217</u>

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Deductions	Balance 6/30/2009
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$111,779	\$0	\$0	\$111,779
Depreciable Capital Assets:				
Buildings and Improvements	14,653,295	11,075	0	14,664,370
Land Improvements	868,789	26,122	0	894,911
Furniture and Equipment	526,661	52,711	0	579,372
Vehicles	1,238,429	0	0	1,238,429
Total Capital Assets being Depreciated	<u>17,287,174</u>	<u>89,908</u>	<u>0</u>	<u>17,377,082</u>
Less Accumulated Depreciation				
Buildings and Improvements	(5,888,049)	(461,373)	0	(6,349,422)
Land Improvements	(420,964)	(38,278)	0	(459,242)
Furniture and Equipment	(338,421)	(10,974)	0	(349,395)
Vehicles	(821,479)	(72,799)	0	(894,278)
Total Accumulated Depreciation	<u>(7,468,913)</u>	<u>(583,424)*</u>	<u>0</u>	<u>(8,052,337)</u>
Total Capital Assets being Depreciated, Net	<u>9,818,261</u>	<u>(493,516)</u>	<u>0</u>	<u>9,324,745</u>
Capital Assets, Net	<u>\$9,930,040</u>	<u>(\$493,516)</u>	<u>\$0</u>	<u>\$9,436,524</u>

Symmes Valley Local School District, Ohio

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

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$488,807
Vocational	543
Support Services:	
Instructional Staff	320
Operation and Maintenance of Plant	10,090
Transportation	72,582
Extracurricular	7,638
Operation of Non-Instructional Services:	
Food Service Operations	3,444
Total Depreciation Expense	<u>\$583,424</u>

The School District's capital assets above include \$1,427,528 in fully depreciated assets that are still being utilized by the School District.

The beginning balance figures reported above agree in total to the amounts reported in the prior year financial statements and footnotes. However, they do not agree by type to the prior year footnote. This is due to the fact that the School District had insignificant differences in the prior year from the amounts they reported in the footnotes and those provided to them from Valuation Engineers (which is the company the School District contracts with to track their capital assets). The School District wanted to correct this in the current year and thus, they had to adjust the beginning figures to allow the final figures by type to agree to the Valuation Engineer's Report of Capital Assets.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Hylant Administrative Services for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$28,768,176
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage – combined single limit	2,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (see Note 16).

Symmes Valley Local School District, Ohio

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

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$2,000,000
Aggregate Limit	4,000,000
Products – Complete Operations Aggregate Limit	2,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	2,000,000
Per Disease Each Employee	2,000,000
Per Disease Policy Limit	2,000,000
Employee Benefits Liability:	
Per Claim	2,000,000
Aggregate Limit	4,000,000
Excess Liability:	
Each Occurrence	2,000,000
Aggregate Limit	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). 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. 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 10 - 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 70 days for certified employees and 65 days for classified employees.

Symmes Valley Local School District, Ohio

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

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 Anthem Life Insurance Company. The coverage amount is \$35,000 for each employee. Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$1,682 for family coverage and \$681 for single coverage. The School District pays 90% of both premiums. Dental Insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$72 for family coverage, \$23 for single coverage, and \$54 for two-party coverage. The School District pays 75% of all three premiums.

C. Retirement Incentive/Termination Benefits

The School District offered a one-time only voluntary separation agreement. The agreement was offered for teachers who were eligible and elected to retire at the end of fiscal year 2009. The benefit for those teachers that retired under this agreement was \$40,000, paid over five years. The agreement also provided a benefit for teachers who were not eligible to retire, but resigned at the top of the salary schedule. The benefit for those teachers was \$40,000, paid over eight years.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.84 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$93,810, \$84,842, and \$111,941, respectively; 39.00 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Symmes Valley Local School District, Ohio

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

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

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

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007, were \$521,887, \$486,473, and \$454,116, respectively; 84.04 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of

Symmes Valley Local School District, Ohio

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

both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$18,966.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007, were \$57,027, \$57,730, and \$47,874, respectively; 24.11 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.66 percent of covered payroll.

The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007, were \$6,010, \$6,113, and \$9,805, respectively; 36.13 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007, were \$40,145, \$37,421, and \$34,932 respectively; 84.04 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 13 - Long-Term Obligations

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

Symmes Valley Local School District, Ohio

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

	Principal Outstanding 6/30/2008	Additions	Reductions	Principal Outstanding 6/30/2009	Amounts Due in One Year
1998 Refunding Bonds:					
Capital Appreciation Bonds 7.9%-8.24%	\$343,900	\$0	\$65,400	\$278,500	\$62,400
Accretion on Capital Appreciation Bonds	442,472	55,224	89,600	408,096	97,600
Total Refunding Bonds	<u>786,372</u>	<u>55,224</u>	<u>155,000</u>	<u>686,596</u>	<u>160,000</u>
Early Retirement/Termination Benefits	0	162,480	0	162,480	54,160
Compensated Absences	619,805	90,305	54,271	655,839	54,628
Total Long-Term Liabilities	<u>\$1,406,177</u>	<u>\$308,009</u>	<u>\$209,271</u>	<u>\$1,504,915</u>	<u>\$268,788</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 Aid Special Revenue Fund, and the Title I Special Revenue 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, 2009, \$690,000 of the refunded bonds were still outstanding.

The capital appreciation bonds mature October 1, 2008 through October 1, 2013. The maturity amount of the bonds is \$970,000. For fiscal year 2009, \$55,224 was accreted for a total bond value of \$686,596.

Annual requirements to retire general obligation bonds, including accreted interest of \$536,500, are as follows:

Fiscal Year Ending June 30,	Capital Appreciation Bonds	
	Principal	Interest
2010	\$62,400	\$97,600
2011	58,400	101,600
2012	56,400	108,600
2013	52,400	112,600
2014	48,900	116,100
Total	<u>\$278,500</u>	<u>\$536,500</u>

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.

Symmes Valley Local School District, Ohio

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

The School District's overall legal debt margin was \$4,026,093, with an unvoted debt margin of \$44,310 at June 30, 2009.

Note 14 - Transfers

During fiscal year 2009, the General Fund made transfers to the District Managed Activity Special Revenue Fund in the amount of \$4,057 to subsidize extracurricular activities, and to the Food Service Special Revenue Fund in the amount of \$23,793 to subsidize food service operations.

Note 15 - Jointly Governed Organization

The **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. The School District paid \$58,693 for services provided during fiscal year 2009. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

Note 16 - Insurance Purchasing Pools

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

The School District participates in the **Lawrence County Schools Insurance Purchasing Consortium**, an insurance purchasing pool. The consortium's business and affairs are conducted by a nine member Board of Directors consisting of the superintendents of member school districts and educational service centers.

The School District participates in the **Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)**, an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate 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.

Symmes Valley Local School District, Ohio

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

Note 17 - 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.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2009, this is all that continues to be set aside.

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.

	<u>Budget Stabilization</u>	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2008	\$42,941	\$185,333	\$0
Current Year Set-Aside Requirement	0	131,723	131,723
Current Year Offsets	0	0	(139,268)
Qualifying Disbursements	0	(111,303)	(82,376)
Totals	<u>\$42,941</u>	<u>\$205,753</u>	<u>(\$89,921)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$42,941</u>	<u>\$205,753</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2009	<u>\$42,941</u>	<u>\$205,753</u>	<u>\$0</u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. This extra amount represents excess qualifying disbursements and may not be carried forward.

Symmes Valley Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 18 - 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, 2009.

B. Litigation

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

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**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
School Breakfast Program	2008/2009	10.553	\$ 73,216		\$ 73,216	
National School Lunch Program	2008/2009	10.555	151,912	\$ 14,185	151,912	\$ 14,185
Total Nutrition Cluster			225,128	14,185	225,128	14,185
Total U.S. Department of Agriculture			225,128	14,185	225,128	14,185
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	2008 2009	84.010	10,989 308,540		23,564 292,226	
Total Title I Grants to Local Educational Agencies			319,529	0	315,790	0
Special Education Grants to States	2008 2009	84.027	8,867 185,531		5,501 177,186	
Total Special Education Grants to States			194,398	0	182,687	0
Safe and Drug-Free Schools and Communities State Grants	2008 2009	84.186	1,577 3,697		2,197 3,216	
Total Safe and Drug-Free Schools and Communities State Grants			5,274	0	5,413	0
State Grants for Innovative Programs	2008 2009	84.298	975 709		924 709	
Total State Grants for Innovative Programs			1,684	0	1,633	0
Education Technology State Grants	2008 2009	84.318	158 2,654		2,571	
Total Education Technology State Grants			2,812	0	2,571	0
Rural Education	2008 2009	84.358	1,696 23,443		5,093 21,555	
Total Rural Education			25,139	0	26,648	0
Improving Teacher Quality State Grants	2008 2009	84.367	(346) 82,746		4,592 80,550	
Total Improving Teacher Quality State Grants			82,400	0	85,142	0
Total U.S. Department of Education			631,236	0	619,884	0
Total Federal Awards Receipts and Expenditures			\$ 856,364	\$ 14,185	\$ 845,012	\$ 14,185

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 FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

NOTE C - FOOD DONATION PROGRAM

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 non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D - TRANSFER BETWEEN GRANT YEARS

During fiscal year 2009, there was a transfer between grant years to account for carryover of grant monies. This transfer was reflected as a negative receipt under the old grant year and a positive receipt under the new grant year on the Schedule. The transfer was made between the 2008 and 2009 grant years as follows:

Program:	Amount:	From Grant Year:	To Grant Year:
CFDA 84.367	\$346	2008	2009



Mary Taylor, CPA

Auditor of State

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 the Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the School District's management in a separate letter dated August 6, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated August 6, 2009.

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



Mary Taylor, CPA
Auditor of State

August 6, 2009



Mary Taylor, CPA

Auditor of State

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 the 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 its major federal program for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its 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 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 apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

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www.auditor.state.oh.us

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted matters involving the internal control over federal non-compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated August 6, 2009.

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. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 6, 2009

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 17, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

August 6, 2009



Mary Taylor, CPA
Auditor of State

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
AUGUST 20, 2009