



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, 2010, 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, 2010, 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 13, 2010, 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 13, 2010

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited*

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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, 2010. 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 2010 are as follows:**

- Net assets of governmental activities decreased \$810,843.
- General revenues accounted for \$6,068,809 or 65% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$3,337,305 or 35% of total revenues of \$9,406,114.
- The School District had \$10,216,957 in expenses related to governmental activities; \$3,337,305 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$6,068,809 were not adequate to provide for these programs.
- The School District has one major fund, the General Fund, which had \$7,369,797 in revenues and \$7,935,885 in expenditures. The General Fund's balance decreased \$594,187.

### **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 at 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 2010?" 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, 2010  
Unaudited*

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

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

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

#### *Fund Financial Statements*

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

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

***Fiduciary Fund*** The School District'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, 2010  
Unaudited*

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**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Table 1  
Net Assets

	Governmental Activities		
	2010	2009	Variance
<b>Assets</b>			
Current and Other Assets	\$6,319,860	\$6,897,748	(\$577,888)
Capital Assets	9,024,864	9,436,524	(411,660)
Total Assets	<u>15,344,724</u>	<u>16,334,272</u>	<u>(989,548)</u>
<b>Liabilities</b>			
Long-term Liabilities	1,331,834	1,504,915	(173,081)
Other Liabilities	1,695,236	1,700,860	(5,624)
Total Liabilities	<u>3,027,070</u>	<u>3,205,775</u>	<u>(178,705)</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Debt	8,808,764	9,158,024	(349,260)
Restricted	1,550,853	1,586,636	(35,783)
Unrestricted	1,958,037	2,383,837	(425,800)
Total Net Assets	<u>\$12,317,654</u>	<u>\$13,128,497</u>	<u>(\$810,843)</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, 2010  
Unaudited*

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, and comparisons to fiscal year 2009.

Table 2  
Changes in Net Assets

	Governmental Activities		
	2010	2009	Variance
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$838,529	\$680,645	\$157,884
Operating Grants, Contributions and Interest	2,492,009	1,714,259	777,750
Capital Grants	6,767	31,258	(24,491)
Total Program Revenues	<u>3,337,305</u>	<u>2,426,162</u>	<u>911,143</u>
General Revenues			
Property Taxes	1,003,712	703,669	300,043
Grants and Entitlements	4,964,145	5,322,186	(358,041)
Investment Earnings	96,062	151,963	(55,901)
Miscellaneous	4,890	19,744	(14,854)
Total General Revenues	<u>6,068,809</u>	<u>6,197,562</u>	<u>(128,753)</u>
Total Revenues	<u>9,406,114</u>	<u>8,623,724</u>	<u>782,390</u>
<b>Program Expenses</b>			
Instruction:			
Regular	4,562,686	5,040,651	(477,965)
Special	1,287,148	995,330	291,818
Vocational	219,750	150,367	69,383
Support Services:			
Pupils	310,699	331,956	(21,257)
Instructional Staff	298,981	235,897	63,084
Board of Education	73,953	57,521	16,432
Administration	595,981	579,036	16,945
Fiscal	352,068	346,436	5,632
Operation and Maintenance of Plant	813,778	811,263	2,515
Pupil Transportation	924,800	951,688	(26,888)
Central	99,038	93,925	5,113
Operation of Non-Instructional Services:			
Food Service Operations	403,295	412,546	(9,251)
Community Services	2,600	0	2,600
Extracurricular Activities	225,742	205,432	20,310
Interest and Fiscal Charges	46,438	55,224	(8,786)
Total Expenses	<u>10,216,957</u>	<u>10,267,272</u>	<u>(50,315)</u>
Decrease in Net Assets	(810,843)	(1,643,548)	832,705
Net Assets Beginning of Year	13,128,497	14,772,045	(1,643,548)
Net Assets End of Year	<u>\$12,317,654</u>	<u>\$13,128,497</u>	<u>(\$810,843)</u>

**Symmes Valley Local School District, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
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

	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
<b>Program Expenses</b>				
Instruction:				
Regular	\$4,562,686	\$3,708,069	\$5,040,651	\$4,035,462
Special	1,287,148	637,472	995,330	243,276
Vocational	219,750	172,969	150,367	103,934
Support Services:				
Pupils	310,699	265,003	331,956	288,347
Instructional Staff	298,981	228,412	235,897	146,238
Board of Education	73,953	63,490	57,521	57,521
Administration	595,981	567,794	579,036	553,492
Fiscal	352,068	352,068	346,436	346,436
Operation and Maintenance of Plant	813,778	249,828	811,263	761,259
Pupil Transportation	924,800	365,820	951,688	906,998
Central	99,038	36,403	93,925	86,495
Operation of Non-Instructional Services:				
Food Service Operations	403,295	27,703	412,546	96,158
Community Services	2,600	(88)	0	0
Extracurricular Activities	225,742	158,271	205,432	160,270
Interest and Fiscal Charges	46,438	46,438	55,224	55,224
<b>Total</b>	<u><u>\$10,216,957</u></u>	<u><u>\$6,879,652</u></u>	<u><u>\$10,267,272</u></u>	<u><u>\$7,841,110</u></u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 74% 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 \$9,295,711 and expenditures of \$9,978,378. The \$594,187 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, 2010  
Unaudited*

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**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 \$7,417,901, \$503,318 below original estimates of \$7,921,219. Final appropriations of \$8,036,315 were \$500,275 less than original appropriations of \$8,536,590.

The School District's ending General Fund balance was \$3,843,205.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, the School District had \$9,024,864 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to 2009.

Table 4  
Capital Assets  
(Net of Depreciation)

	Governmental Activities	
	2010	2009
Land	\$111,779	\$111,779
Buildings and Improvements	8,034,583	8,314,948
Land Improvements	396,309	435,669
Furniture and Equipment	217,552	229,977
Vehicles	264,641	344,151
Totals	<u>\$9,024,864</u>	<u>\$9,436,524</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, 2010  
Unaudited*

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**Debt**

At June 30, 2010, the School District had the following debt outstanding:

Table 5  
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Bonds Payable	\$573,034	\$686,596

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, 2010*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$5,078,186
Accounts Receivable	7,395
Intergovernmental Receivable	122,993
Property Taxes Receivable	1,074,064
Materials and Supplies Inventory	37,222
Nondepreciable Capital Assets	111,779
Depreciable Capital Assets, Net	<u>8,913,085</u>
<i>Total Assets</i>	<u>15,344,724</u>
<b>Liabilities</b>	
Accounts Payable	21,005
Accrued Wages and Benefits Payable	661,823
Deferred Revenue	745,766
Intergovernmental Payable	266,642
Long-Term Liabilities:	
Due within One Year	223,110
Due in More than One Year	<u>1,108,724</u>
<i>Total Liabilities</i>	<u>3,027,070</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	8,808,764
Restricted for:	
Bus Purchases	30,592
Budget Stabilization	42,941
Textbooks	226,854
Capital Projects	404,390
Debt Service	344,323
Other Purposes	501,753
Unrestricted	<u>1,958,037</u>
<i>Total Net Assets</i>	<u><u>\$12,317,654</u></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, 2010*

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$4,562,686	\$650,044	\$204,573	\$0	(\$3,708,069)
Special	1,287,148	0	649,676	0	(637,472)
Vocational	219,750	0	46,781	0	(172,969)
Support Services:					
Pupils	310,699	0	45,696	0	(265,003)
Instructional Staff	298,981	9,564	61,005	0	(228,412)
Board of Education	73,953	0	10,463	0	(63,490)
Administration	595,981	8,628	19,559	0	(567,794)
Fiscal	352,068	0	0	0	(352,068)
Operation and Maintenance of Plant	813,778	0	557,183	6,767	(249,828)
Pupil Transportation	924,800	0	558,980	0	(365,820)
Central	99,038	0	62,635	0	(36,403)
Operation of Non-Instructional Services:					
Food Service Operations	403,295	107,769	267,823	0	(27,703)
Community Services	2,600	0	2,688	0	88
Extracurricular Activities	225,742	62,524	4,947	0	(158,271)
Interest and Fiscal Charges	46,438	0	0	0	(46,438)
<b>Totals</b>	<b>\$10,216,957</b>	<b>\$838,529</b>	<b>\$2,492,009</b>	<b>\$6,767</b>	<b>(6,879,652)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					862,101
Debt Service					125,972
Capital Outlay					15,639
Grants and Entitlements not Restricted to Specific Programs					4,964,145
Investment Earnings					96,062
Miscellaneous					4,890
<i>Total General Revenues</i>					<u>6,068,809</u>
<i>Change in Net Assets</i>					(810,843)
<i>Net Assets Beginning of Year</i>					<u>13,128,497</u>
<i>Net Assets End of Year</i>					<u>\$12,317,654</u>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2010*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,606,711	\$1,171,088	\$4,777,799
Receivables:			
Property Taxes	922,081	151,983	1,074,064
Accounts	0	7,395	7,395
Intergovernmental	0	122,993	122,993
Interfund	15,264	0	15,264
Materials and Supplies Inventory	35,063	2,159	37,222
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	300,387	0	300,387
<i>Total Assets</i>	<u>\$4,879,506</u>	<u>\$1,455,618</u>	<u>\$6,335,124</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$16,315	\$4,690	\$21,005
Accrued Wages and Benefits Payable	606,827	54,996	661,823
Interfund Payable	0	15,264	15,264
Deferred Revenue	834,894	260,481	1,095,375
Intergovernmental Payable	256,277	10,365	266,642
<i>Total Liabilities</i>	<u>1,714,313</u>	<u>345,796</u>	<u>2,060,109</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	23,205	15,781	38,986
Reserved for Property Taxes	87,187	14,495	101,682
Reserved for Textbooks	226,854	0	226,854
Reserved for Bus Purchases	30,592	0	30,592
Reserved for Budget Stabilization	42,941	0	42,941
Unreserved, Undesignated, Reported in:			
General Fund	2,754,414	0	2,754,414
Special Revenue Funds	0	372,610	372,610
Debt Service Fund	0	302,546	302,546
Capital Project Funds	0	404,390	404,390
<i>Total Fund Balances</i>	<u>3,165,193</u>	<u>1,109,822</u>	<u>4,275,015</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,879,506</u>	<u>\$1,455,618</u>	<u>\$6,335,124</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, 2010*

<b>Total Governmental Fund Balances</b>		<b>\$4,275,015</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,024,864
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	226,616	
Grants	<u>122,993</u>	349,609
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(573,034)	
Special Termination Benefits Payable	(108,320)	
Compensated Absences Payable	<u>(650,480)</u>	<u>(1,331,834)</u>
Net Assets of Governmental Activities		<u><u>\$12,317,654</u></u>

See accompanying notes to the basic financial statements

**Symmes Valley Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2010*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$831,423	\$136,662	\$968,085
Intergovernmental	5,787,258	1,581,151	7,368,409
Investment Earnings	96,062	6,767	102,829
Tuition and Fees	642,146	0	642,146
Charges for Services	7,898	107,769	115,667
Extracurricular Activities	120	80,596	80,716
Gifts and Donations	0	12,969	12,969
Miscellaneous	4,890	0	4,890
<i>Total Revenues</i>	<u>7,369,797</u>	<u>1,925,914</u>	<u>9,295,711</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	3,940,000	174,558	4,114,558
Special	680,018	596,367	1,276,385
Vocational	216,724	0	216,724
Support Services:			
Pupils	259,738	46,015	305,753
Instructional Staff	232,385	65,896	298,281
Board of Education	63,832	10,121	73,953
Administration	615,319	25,682	641,001
Fiscal	339,769	5,806	345,575
Operation and Maintenance of Plant	559,955	420,960	980,915
Pupil Transportation	840,757	9,205	849,962
Central	37,357	60,763	98,120
Operation of Non-Instructional Services:			
Food Service Operations	0	396,447	396,447
Community Services	0	2,600	2,600
Extracurricular Activities	150,031	68,073	218,104
Debt Service:			
Principal Retirement	0	62,400	62,400
Capital Appreciation Bonds Interest	0	97,600	97,600
<i>Total Expenditures</i>	<u>7,935,885</u>	<u>2,042,493</u>	<u>9,978,378</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(566,088)</u>	<u>(116,579)</u>	<u>(682,667)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	28,099	28,099
Transfers Out	(28,099)	0	(28,099)
<i>Total Other Financing Sources (Uses)</i>	<u>(28,099)</u>	<u>28,099</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(594,187)	(88,480)	(682,667)
<i>Fund Balances Beginning of Year</i>	<u>3,759,380</u>	<u>1,198,302</u>	<u>4,957,682</u>
<i>Fund Balances End of Year</i>	<u>\$3,165,193</u>	<u>\$1,109,822</u>	<u>\$4,275,015</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, 2010*

**Net Change in Fund Balances - Total Governmental Funds** (\$682,667)

*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	193,702	
Depreciation Expense	<u>(605,362)</u>	(411,660)

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

Grants	74,776	
Delinquent Taxes	<u>35,627</u>	110,403

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		160,000
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In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due:

Annual Accretion		(46,438)
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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	54,160	
Compensated Absences Payable	<u>5,359</u>	<u>59,519</u>

<i>Change in Net Assets of Governmental Activities</i>		<u><u>(\$810,843)</u></u>
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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, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$920,689	\$879,435	\$879,435	\$0
Intergovernmental	6,255,152	5,787,258	5,787,258	0
Investment Earnings	165,162	96,154	96,154	0
Tuition and Fees	570,724	642,146	642,146	0
Extracurricular Activities	407	120	120	0
Charges for Services	0	7,898	7,898	0
Miscellaneous	9,085	4,890	4,890	0
<i>Total Revenues</i>	<u>7,921,219</u>	<u>7,417,901</u>	<u>7,417,901</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,145,176	4,051,568	4,051,568	0
Special	640,124	652,083	652,083	0
Vocational	206,938	214,198	214,198	0
Support Services:				
Pupils	275,284	258,852	258,852	0
Instructional Staff	158,383	210,281	210,281	0
Board of Education	64,844	67,738	67,738	0
Administration	590,315	601,111	601,111	0
Fiscal	346,326	343,049	343,049	0
Operation and Maintenance of Plant	964,111	577,306	577,306	0
Pupil Transportation	886,940	872,136	872,136	0
Central	95,609	37,278	37,278	0
Extracurricular Activities	162,540	150,715	150,715	0
<i>Total Expenditures</i>	<u>8,536,590</u>	<u>8,036,315</u>	<u>8,036,315</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(615,371)</u>	<u>(618,414)</u>	<u>(618,414)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	304,440	0	0	0
Transfers Out	(305,862)	(28,099)	(28,099)	0
Advances Out	0	(15,264)	(15,264)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,422)</u>	<u>(43,363)</u>	<u>(43,363)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(616,793)</u>	<u>(661,777)</u>	<u>(661,777)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	4,460,076	4,460,076	4,460,076	0
Prior Year Encumbrances Appropriated	44,906	44,906	44,906	0
<i>Fund Balance End of Year</i>	<u>\$3,888,189</u>	<u>\$3,843,205</u>	<u>\$3,843,205</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, 2010*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$38,236</u>
<b>Liabilities</b>	
Due to Students	<u>\$38,236</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, 2010*

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

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 32 classified employees, 58 certificated full time teaching personnel, and 14 administrators, who provide services to 810 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 three organizations, one of which is defined as a jointly governed organization and two as insurance purchasing pools. The jointly governed organization is the South Central Ohio Computer Association, and the insurance purchasing pools are 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.

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

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

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

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

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

### **B. Fund Accounting**

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

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

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

## Symmes Valley Local School District, Ohio

### *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010*

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

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

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

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

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

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. 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.

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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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.

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, 2010, but which were levied to finance fiscal year 2011 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 2010, 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 2010 amounted to \$96,062, which includes \$15,421 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. 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, 2010*

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**G. 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.

**H. 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

**I. 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.

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.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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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.

***J. 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.

***K. 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.

***L. 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.

***M. Fund Balance Reserves***

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

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.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes. The government-wide statement of net assets reports \$1,550,853 of restricted net assets, none of which has resulted from enabling legislation.

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

***O. 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.

***P. 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.

***Q. 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 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.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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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, 2010:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
Lunchroom	\$8,234
Public School Preschool	3,265
Management Information Systems	58
IDEA-B	1,824
Title II-D	520
School Improvement Subsidy	195
Title I	36,079
Miscellaneous Federal Grants	652

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 Balance - 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).
4. Unrecorded cash is reported on the balance sheet (GAAP) but not on the budgetary basis.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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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	(\$594,187)
Revenue Accruals	48,012
Beginning of Fiscal Year Unrecorded Interest	126
End of Fiscal Year Unrecorded Interest	(34)
Advances	(15,264)
Expenditure Accruals	(36,581)
Encumbrances	<u>(63,849)</u>
Budget Basis	<u><u>(\$661,777)</u></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;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above 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, \$4,933,683 of the School District's bank balance of \$5,183,683 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 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after October 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at twenty-five percent of true value.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

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, 2010, are available to finance fiscal year 2010 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, 2010 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, 2010 was \$87,187 in the general fund, \$12,988 in the debt service fund, and \$1,507 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2009, was \$135,199 in the general fund, \$19,885 in the debt service fund, and \$2,423 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 2010 taxes were collected are:

	2009 Second-Half Collections		2010 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$37,689,870	85%	\$38,141,920	85%
Public Utility Personal	5,550,070	13%	5,845,040	13%
General Business Personal	1,070,070	2%	1,127,470	2%
<b>Total</b>	<b>\$44,310,010</b>	<b>100%</b>	<b>\$45,114,430</b>	<b>100%</b>
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, 2010*

**Note 7 - Receivables**

Receivables at June 30, 2010, 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	\$44,773
Title II-A	8,480
Title II-D	673
School Improvement Subsidy	58,000
Early Childhood Education	3,265
IDEA-B	3,965
Title II-D Technology	3,837
Total Intergovernmental Receivables	<u>\$122,993</u>

**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/2009	Additions	Deductions	Balance 6/30/2010
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$111,779	\$0	\$0	\$111,779
Depreciable Capital Assets:				
Buildings and Improvements	14,664,370	185,928	0	14,850,298
Land Improvements	894,911	0	0	894,911
Furniture and Equipment	579,372	7,774	0	587,146
Vehicles	1,238,429	0	0	1,238,429
Total Capital Assets being Depreciated	<u>17,377,082</u>	<u>193,702</u>	<u>0</u>	<u>17,570,784</u>
Less Accumulated Depreciation				
Buildings and Improvements	(6,349,422)	(466,293)	0	(6,815,715)
Land Improvements	(459,242)	(39,360)	0	(498,602)
Furniture and Equipment	(349,395)	(20,199)	0	(369,594)
Vehicles	(894,278)	(79,510)	0	(973,788)
Total Accumulated Depreciation	<u>(8,052,337)</u>	<u>(605,362)*</u>	<u>0</u>	<u>(8,657,699)</u>
Total Capital Assets being Depreciated, Net	<u>9,324,745</u>	<u>(411,660)</u>	<u>0</u>	<u>8,913,085</u>
Capital Assets, Net	<u>\$9,436,524</u>	<u>(\$411,660)</u>	<u>\$0</u>	<u>\$9,024,864</u>

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

Instruction:	
Regular	\$491,391
Vocational	900
Support Services:	
Instructional Staff	578
Operation and Maintenance of Plant	19,036
Transportation	79,598
Extracurricular	7,638
Operation of Non-Instructional Services:	
Food Service Operations	6,221
Total Depreciation Expense	<u>\$605,362</u>

The School District's capital assets above include \$1,530,780 in fully depreciated assets that are still being utilized by the School District.

**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 2010, the School District contracted with Governmental Underwriters of America – Argonaut Insurance Company for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$29,950,000
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage – combined single limit	1,000,000
Uninsured Motorists	1,000,000

The types and amounts of coverage provided by the Argonaut Insurance Company are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	3,000,000
Products – Complete Operations Aggregate Limit	3,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	1,000,000
Per Disease Each Employee	1,000,000
Per Disease Policy Limit	1,000,000
Employee Benefits Liability:	
Per Claim	1,000,000
Aggregate Limit	1,000,000
Excess Liability:	
Each Occurrence	1,000,000
Aggregate Limit	1,000,000

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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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 2010, 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.

#### ***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 Anthem Blue Cross/Blue Shield. 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 \$70 for family coverage, \$22 for single coverage, and \$52 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.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**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 defined benefit 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 43215-3476.

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, 9.09 percent of annual covered salary was the portion used to fund pension obligations (the latest date information is available). 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, 2010, 2009 and 2008 were \$139,687, \$93,810 and \$84,842 respectively; 47.42 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

***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 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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.

## Symmes Valley Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

Funding Policy - For the fiscal year ended June 30, 2009, (the latest date for which information is available) 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, 2010, 2009, and 2008 were \$494,730, \$521,887 and \$486,473 respectively; 78.85 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

### ***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, 2010, three members of the Board of Education have elected Social Security. The Board's liability 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 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, (the latest date information is available) 4.16 percent of covered payroll was allocated to health care.. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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, 2010, 2009, and 2008 were \$2,980, \$57,027, and \$57,730 respectively; 37.72 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.75 percent of covered payroll. The School District’s contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$7,908, \$6,010, and \$6,113 respectively; 44.60 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

***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](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, (the latest date information is available) 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, 2010, 2009, and 2008 were \$38,056, \$40,145, and \$37,421 respectively; 78.85 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**Note 13 - Long-Term Obligations**

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

	Principal Outstanding 6/30/2009	Additions	Reductions	Principal Outstanding 6/30/2010	Amounts Due in One Year
1998 Refunding Bonds:					
Capital Appreciation Bonds 7.9%-8.24%	\$278,500	\$0	\$62,400	\$216,100	\$58,400
Accretion on Capital Appreciation Bonds	408,096	46,438	97,600	356,934	101,600
Total Refunding Bonds	686,596	46,438	160,000	573,034	160,000
Early Retirement/Termination Benefits	162,480	0	54,160	108,320	54,160
Compensated Absences	655,839	64,172	69,531	650,480	8,950
Total Long-Term Liabilities	<u>\$1,504,915</u>	<u>\$110,610</u>	<u>\$283,691</u>	<u>\$1,331,834</u>	<u>\$223,110</u>

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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 IDEA-B Special Revenue Fund and the Title I Special Revenue Fund.

School Improvement General Obligation Bonds - On July 1, 1990, the 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, 2010, \$575,000 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 2010, \$46,438 was accreted for a total bond value of \$573,034.

Annual requirements to retire general obligation bonds, including accreted interest of \$438,900, are as follows:

Fiscal Year Ending June 30,	Capital Appreciation Bonds	
	Principal	Interest
2011	\$58,400	\$101,600
2012	56,400	108,600
2013	52,400	112,600
2014	48,900	116,100
Total	<u>\$216,100</u>	<u>\$438,900</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.

The School District's overall legal debt margin was \$4,146,745, with an unvoted debt margin of \$45,114 at June 30, 2010.

**Symmes Valley Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**Note 14 - Transfers**

Interfund receivables and payables at June 30, 2010, consist of the following individual balances, representing monies advanced to federal grant funds to be repaid when grant funds are received:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund:	<u>\$15,264</u>	<u>\$0</u>
Special Revenue Funds:		
Public School Preschool	0	3,265
Title I	0	11,479
Title II-D	0	520
Total Special Revenue Funds	<u>0</u>	<u>15,264</u>
Total All Funds	<u>\$15,264</u>	<u>\$15,264</u>

During fiscal year 2010, the General Fund made transfers to the District Managed Activity Special Revenue Fund in the amount of \$3,889 to subsidize extracurricular activities, and to the Food Service Special Revenue Fund in the amount of \$24,210 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 \$59,680 for services provided during fiscal year 2010. 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 **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, 2010*

**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, 2010, 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, 2009	\$42,941	\$205,753	\$0
Current Year Set-Aside Requirement	0	139,362	139,362
Current Year Offsets	0	0	(144,475)
Qualifying Disbursements	0	(118,261)	(138,695)
Totals	<u>\$42,941</u>	<u>\$226,854</u>	<u>(\$143,808)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$42,941</u>	<u>\$226,854</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2010	<u>\$42,941</u>	<u>\$226,854</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, 2010*

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**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, 2010.

***B. Litigation***

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

**Note 19 – Subsequent Events**

On July 19, 2010, the School District Board of Education approved the purchase of an International school bus from Marietta Truck Sales in the amount of \$84,602.

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**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2009/2010	10.555	\$ 14,382	\$ 14,382
Cash Assistance:				
School Breakfast Program	2009/2010	10.553	73,459	73,459
National School Lunch Program	2009/2010	10.555	<u>158,205</u>	<u>158,205</u>
Cash Assistance Subtotal			<u>231,664</u>	<u>231,664</u>
Total Child Nutrition Cluster			<u>246,046</u>	<u>246,046</u>
Total U.S. Department of Agriculture			246,046	246,046
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies	2009	84.010	8,961	25,274
	2010		<u>290,187</u>	<u>301,446</u>
Total Title 1 Grants to Local Educational Agencies			299,148	326,720
ARRA - Title 1 Grants to Local Educational Agencies	2010	84.389	<u>35,419</u>	<u>32,944</u>
Total Title 1 Cluster			334,567	359,664
Special Education Cluster:				
Special Education - Grants to States	2009	84.027	3,865	12,210
	2010		<u>200,709</u>	<u>199,892</u>
Total Special Education - Grants to States			204,574	212,102
ARRA - Special Education - Grants to States	2010	84.391	<u>125,281</u>	<u>116,004</u>
Total Special Education Cluster			329,855	328,106
Safe and Drug-Free Schools and Communities - State Grants	2009	84.186	316	797
	2010		<u>4,381</u>	<u>3,136</u>
Total Safe and Drug-Free Schools and Communities - State Grants			4,697	3,933
Education Technology State Grants	2009	84.318	(82)	
	2010		<u>2,572</u>	<u>3,092</u>
Total Education Technology State Grants			2,490	3,092
Rural Education	2009	84.358	193	2,081
	2010		<u>18,545</u>	<u>16,830</u>
Total Rural Education			18,738	18,911
Improving Teacher Quality State Grants	2009	84.367	3,111	5,308
	2010		<u>83,931</u>	<u>74,872</u>
Total Improving Teacher Quality State Grants			87,042	80,180
School Improvement Grants	2010	84.377	2,000	1,135
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010	84.394	<u>373,636</u>	<u>359,693</u>
Total U.S. Department of Education			<u>1,153,025</u>	<u>1,154,714</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,399,071</u></b>	<b><u>\$ 1,400,760</u></b>

*The Notes to the Federal Awards Receipts and Expenditures Schedule 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, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE D – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2009 to 2010 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2009 to 2010</u>
Title I Grants to Local Educational Agencies	84.010	\$ 300
Education Technology State Grants	84.318	82



# 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, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 13, 2010. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the 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 matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated August 13, 2010.

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

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

**Mary Taylor, CPA**  
Auditor of State

August 13, 2010



# 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 REQUIRED BY OMB CIRCULAR A-133

Symmes Valley Local School District  
Lawrence County  
210 West Church Street  
Barnesville, Ohio 43713

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 each of its major federal programs for the year ended June 30, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the 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 each of its major federal programs for the year ended June 30, 2010.

### 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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

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

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

**Mary Taylor, CPA**  
Auditor of State

August 13, 2010

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Title 1 Cluster – CFDA #84.010 and #84.389  Special Education Cluster – CFDA #84.027 and #84.391  ARRA – State Fiscal Stabilization Fund – Education State Grants – CFDA #84.394
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.





**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 26, 2010**