



Dave Yost • Auditor of State

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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Dave Yost • 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, each major fund, and the aggregate remaining fund information of Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2011, 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, each major fund, and the aggregate remaining fund information of Symmes Valley Local School District, Lawrence County, Ohio, as of June 30, 2011, 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.

As described in Note 3, during 2011, the School District adopted the provisions of Governmental Accounting Standards Board Statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2011, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Dave Yost
Auditor of State

August 8, 2011

Symmes Valley Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited*

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

Financial Highlights

Key financial highlights for the fiscal year 2011 are as follows:

- Net assets of governmental activities decreased \$360,820.
- General revenues accounted for \$7,059,561 or 73% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$2,571,511 or 27% of total revenues of \$9,631,072.
- The School District had \$9,991,892 in expenses related to governmental activities; \$2,571,511 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$7,059,561 were not adequate to provide for these programs.
- The School District had two major funds; however, only the General Fund had revenues and expenditures in 2011. The General Fund had \$7,217,205 in revenues and \$7,797,505 in expenditures. The General Fund's balance decreased \$584,528.

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 funds 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 2011?" The Statement of Net Assets and the Statement of Activities answer this question.

Symmes Valley Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited*

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.

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 funds. The School District's major governmental funds are the General Fund and the Education Jobs Special Revenue Funds.

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 in 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, 2011

Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1
Net Assets

	Governmental Activities		Variance
	2011	2010	
Assets			
Current and Other Assets	\$6,258,340	\$6,319,860	(\$61,520)
Capital Assets	8,584,041	9,024,864	(440,823)
Total Assets	<u>14,842,381</u>	<u>15,344,724</u>	<u>(502,343)</u>
Liabilities			
Long-term Liabilities	1,058,749	1,331,834	(273,085)
Other Liabilities	1,826,798	1,695,236	131,562
Total Liabilities	<u>2,885,547</u>	<u>3,027,070</u>	<u>(141,523)</u>
Net Assets			
Invested in Capital Assets, Net of Debt	8,426,341	8,808,764	(382,423)
Restricted	1,953,422	1,550,853	402,569
Unrestricted	1,577,071	1,958,037	(380,966)
Total Net Assets	<u>\$11,956,834</u>	<u>\$12,317,654</u>	<u>(\$360,820)</u>

Total assets decreased significantly, due in part to cash balance reductions from expenditures continuing to exceed revenues. The School District is improving, but continuing to find areas to decrease expenditures.

Symmes Valley Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2011, and comparisons to fiscal year 2010.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Revenues			
Program Revenues			
Charges for Services	\$751,043	\$838,529	(\$87,486)
Operating Grants, Contributions and Interest	1,820,468	2,492,009	(671,541)
Capital Grants	0	6,767	(6,767)
Total Program Revenues	<u>2,571,511</u>	<u>3,337,305</u>	<u>(765,794)</u>
General Revenues			
Property Taxes	1,027,665	1,003,712	23,953
Grants and Entitlements	5,977,303	4,964,145	1,013,158
Investment Earnings	24,294	96,062	(71,768)
Gain on Sale of Fixed Assets	6,805	0	6,805
Miscellaneous	23,494	4,890	18,604
Total General Revenues	<u>7,059,561</u>	<u>6,068,809</u>	<u>990,752</u>
Total Revenues	<u>9,631,072</u>	<u>9,406,114</u>	<u>224,958</u>
Program Expenses			
Instruction:			
Regular	4,403,417	4,562,686	(159,269)
Special	1,212,011	1,287,148	(75,137)
Vocational	174,596	219,750	(45,154)
Support Services:			
Pupils	289,143	310,699	(21,556)
Instructional Staff	292,209	298,981	(6,772)
Board of Education	99,336	73,953	25,383
Administration	536,948	595,981	(59,033)
Fiscal	337,500	352,068	(14,568)
Operation and Maintenance of Plant	873,394	813,778	59,616
Pupil Transportation	997,689	924,800	72,889
Central	101,408	99,038	2,370
Operation of Non-Instructional Services:			
Food Service Operations	378,388	403,295	(24,907)
Community Services	5,821	2,600	3,221
Extracurricular Activities	253,039	225,742	27,297
Interest and Fiscal Charges	36,993	46,438	(9,445)
Total Expenses	<u>9,991,892</u>	<u>10,216,957</u>	<u>(225,065)</u>
Decrease in Net Assets	(360,820)	(810,843)	450,023
Net Assets Beginning of Year	12,317,654	13,128,497	(810,843)
Net Assets End of Year	<u>\$11,956,834</u>	<u>\$12,317,654</u>	<u>(\$360,820)</u>

Symmes Valley Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited*

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

Table 3
Governmental Activities

	<u>Total Cost of Services</u> 2011	<u>Net Cost of Services</u> 2011	<u>Total Cost of Services</u> 2010	<u>Net Cost of Services</u> 2010
Program Expenses				
Instruction:				
Regular	\$4,403,417	\$3,591,731	\$4,562,686	\$3,708,069
Special	1,212,011	519,247	1,287,148	637,472
Vocational	174,596	125,392	219,750	172,969
Support Services:				
Pupils	289,143	286,216	310,699	265,003
Instructional Staff	292,209	195,160	298,981	228,412
Board of Education	99,336	99,336	73,953	63,490
Administration	536,948	503,516	595,981	567,794
Fiscal	337,500	334,551	352,068	352,068
Operation and Maintenance of Plant	873,394	577,477	813,778	249,828
Pupil Transportation	997,689	929,900	924,800	365,820
Central	101,408	36,142	99,038	36,403
Operation of Non-Instructional Services:				
Food Service Operations	378,388	1,910	403,295	27,703
Community Services	5,821	151	2,600	(88)
Extracurricular Activities	253,039	182,659	225,742	158,271
Interest and Fiscal Charges	36,993	36,993	46,438	46,438
Total	<u><u>\$9,991,892</u></u>	<u><u>\$7,420,381</u></u>	<u><u>\$10,216,957</u></u>	<u><u>\$6,879,652</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 \$9,252,537 and expenditures of \$9,824,154. The \$584,528 decrease in General Fund balance is due to expenditures exceeding revenues.

Symmes Valley Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited*

General Fund Budgeting Highlights

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

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

For the General Fund, final budget basis estimated revenue was \$7,555,101, \$585,802 below original estimates of \$8,140,903. Final appropriations of \$8,062,289 were \$962,244 less than original appropriations of \$9,024,533.

The School District's ending General Fund balance was \$3,415,078.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$8,584,041 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared to 2010.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2011	2010
Land	\$111,779	\$111,779
Buildings and Improvements	7,566,496	8,034,583
Land Improvements	356,950	396,309
Furniture and Equipment	198,298	217,552
Vehicles	350,518	264,641
Totals	<u>\$8,584,041</u>	<u>\$9,024,864</u>

See Note 9 for more information on Capital Assets.

Symmes Valley Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited*

Debt

At June 30, 2011, the School District had the following debt outstanding:

Table 5
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Bonds Payable	\$450,027	\$573,034

See Note 14 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. 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, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,590,902
Accounts Receivable	8,594
Intergovernmental Receivable	508,960
Materials and Supplies Inventory	37,955
Property Taxes Receivable	1,111,929
Nondepreciable Capital Assets	111,779
Depreciable Capital Assets, Net	<u>8,472,262</u>
<i>Total Assets</i>	<u>14,842,381</u>
Liabilities	
Accounts Payable	26,978
Accrued Wages and Benefits Payable	772,240
Deferred Revenue	797,878
Intergovernmental Payable	229,702
Long-Term Liabilities:	
Due within One Year	302,171
Due in More than One Year	<u>756,578</u>
<i>Total Liabilities</i>	<u>2,885,547</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	8,426,341
Restricted for:	
Capital Projects	359,602
Debt Service	339,692
Other Purposes	947,668
Budget Stabilization	42,941
Textbooks	263,519
Unrestricted	<u>1,577,071</u>
<i>Total Net Assets</i>	<u><u>\$11,956,834</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, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	
Governmental Activities				
Instruction:				
Regular	\$4,403,417	\$569,696	\$241,990	(\$3,591,731)
Special	1,212,011	0	692,764	(519,247)
Vocational	174,596	0	49,204	(125,392)
Support Services:				
Pupils	289,143	0	2,927	(286,216)
Instructional Staff	292,209	6,696	90,353	(195,160)
Board of Education	99,336	0	0	(99,336)
Administration	536,948	8,733	24,699	(503,516)
Fiscal	337,500	0	2,949	(334,551)
Operation and Maintenance of Plant	873,394	0	295,917	(577,477)
Pupil Transportation	997,689	0	67,789	(929,900)
Central	101,408	0	65,266	(36,142)
Operation of Non-Instructional Services:				
Food Service Operations	378,388	103,940	272,538	(1,910)
Community Services	5,821	0	5,670	(151)
Extracurricular Activities	253,039	61,978	8,402	(182,659)
Interest and Fiscal Charges	36,993	0	0	(36,993)
Totals	\$9,991,892	\$751,043	\$1,820,468	(7,420,381)
General Revenues				
Property Taxes Levied for:				
General Purposes				872,392
Other Purposes				15,040
Debt Service				140,233
Grants and Entitlements not Restricted to Specific Programs				5,977,303
Gain on Sale of Capital Assets				6,805
Investment Earnings				24,294
Miscellaneous				23,494
<i>Total General Revenues</i>				<u>7,059,561</u>
<i>Change in Net Assets</i>				(360,820)
<i>Net Assets Beginning of Year</i>				<u>12,317,654</u>
<i>Net Assets End of Year</i>				<u>\$11,956,834</u>

See accompanying notes to the basic financial statements

Symmes Valley Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2011

	General	Education Jobs Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,154,883	\$0	\$1,129,559	\$4,284,442
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	306,460	0	0	306,460
Receivables:				
Property Taxes	1,006,332	0	105,597	1,111,929
Accounts	0	0	8,594	8,594
Intergovernmental	0	335,439	173,521	508,960
Materials and Supplies Inventory	34,807	0	3,148	37,955
<i>Total Assets</i>	<u>\$4,502,482</u>	<u>\$335,439</u>	<u>\$1,420,419</u>	<u>\$6,258,340</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$17,268	\$0	\$9,710	\$26,978
Accrued Wages and Benefits Payable	698,341	0	73,899	772,240
Deferred Revenue	971,904	335,439	211,874	1,519,217
Intergovernmental Payable	219,092	0	10,610	229,702
<i>Total Liabilities</i>	<u>1,906,605</u>	<u>335,439</u>	<u>306,093</u>	<u>2,548,137</u>
Fund Balances				
Nonspendable	34,807	0	3,148	37,955
Restricted	306,460	0	790,143	1,096,603
Committed	37,646	0	0	37,646
Assigned	53,683	0	359,487	413,170
Unassigned	2,163,281	0	(38,452)	2,124,829
<i>Total Fund Balances</i>	<u>2,595,877</u>	<u>0</u>	<u>1,114,326</u>	<u>3,710,203</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,502,482</u>	<u>\$335,439</u>	<u>\$1,420,419</u>	<u>\$6,258,340</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, 2011*

Total Governmental Fund Balances		\$3,710,203
 <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.		8,584,041
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	212,379	
Grants	508,960	721,339
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(450,027)	
Special Termination Benefits Payable	(54,160)	
Compensated Absences Payable	(554,562)	(1,058,749)
Net Assets of Governmental Activities		\$11,956,834

See accompanying notes to the basic financial statements

Symmes Valley Local School District, Ohio
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Education Jobs Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$874,636	\$0	\$167,266	\$1,041,902
Intergovernmental	5,704,636	0	1,692,117	7,396,753
Investment Earnings	22,332	0	1,962	24,294
Tuition and Fees	569,696	0	0	569,696
Charges for Services	0	0	103,940	103,940
Extracurricular	15,762	0	61,645	77,407
Gifts and Donations	6,649	0	8,402	15,051
Miscellaneous	23,494	0	0	23,494
<i>Total Revenues</i>	<u>7,217,205</u>	<u>0</u>	<u>2,035,332</u>	<u>9,252,537</u>
Expenditures				
Current:				
Instruction:				
Regular	3,755,074	0	255,945	4,011,019
Special	604,613	0	636,107	1,240,720
Vocational	192,244	0	2,127	194,371
Support Services:				
Pupils	301,867	0	2,839	304,706
Instructional Staff	221,107	0	70,144	291,251
Board of Education	99,336	0	0	99,336
Administration	521,481	0	20,138	541,619
Fiscal	328,070	0	7,960	336,030
Operation and Maintenance of Plant	577,978	0	260,964	838,942
Pupil Transportation	979,006	0	102,667	1,081,673
Central	34,192	0	67,093	101,285
Operation of Non-Instructional Services:				
Food Service Operations	0	0	371,655	371,655
Community Services	0	0	5,821	5,821
Extracurricular Activities	182,537	0	63,189	245,726
Debt Service:				
Principal Retirement	0	0	58,400	58,400
Interest and Fiscal Charges	0	0	101,600	101,600
<i>Total Expenditures</i>	<u>7,797,505</u>	<u>0</u>	<u>2,026,649</u>	<u>9,824,154</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(580,300)</u>	<u>0</u>	<u>8,683</u>	<u>(571,617)</u>
Other Financing Sources (Uses)				
Proceeds from the Sale of Capital Assets	0	0	6,805	6,805
Transfers In	0	0	4,228	4,228
Transfers Out	(4,228)	0	0	(4,228)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,228)</u>	<u>0</u>	<u>11,033</u>	<u>6,805</u>
<i>Net Change in Fund Balance</i>	<u>(584,528)</u>	<u>0</u>	<u>19,716</u>	<u>(564,812)</u>
<i>Fund Balances Beginning of Year - Restated</i>	<u>3,180,405</u>	<u>0</u>	<u>1,094,610</u>	<u>4,275,015</u>
<i>Fund Balances End of Year</i>	<u>\$2,595,877</u>	<u>\$0</u>	<u>\$1,114,326</u>	<u>\$3,710,203</u>

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, 2011*

Net Change in Fund Balances - Total Governmental Funds (\$564,812)

*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	169,257	
Depreciation Expense	<u>(610,080)</u>	(440,823)

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

Grants	385,967	
Delinquent Taxes	<u>(14,237)</u>	371,730

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

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

Annual Accretion		(36,993)
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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>95,918</u>	<u>150,078</u>

Change in Net Assets of Governmental Activities (\$360,820)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$879,435	\$927,395	\$927,395	\$0
Intergovernmental	5,787,258	5,704,636	5,704,636	0
Investment Earnings	96,154	22,333	22,333	0
Tuition and Fees	642,146	569,696	569,696	0
Extracurricular Activities	11,173	15,762	15,762	0
Gifts and Donations	8,053	44,296	6,649	(37,647)
Miscellaneous	12,788	23,494	23,494	0
<i>Total Revenues</i>	7,437,007	7,307,612	7,269,965	(37,647)
Expenditures				
Current:				
Instruction:				
Regular	4,152,694	3,752,997	3,715,350	37,647
Special	667,963	634,121	634,121	0
Vocational	219,533	190,466	190,466	0
Support Services:				
Pupils	265,323	293,079	293,079	0
Instructional Staff	224,534	222,567	222,567	0
Board of Education	69,528	105,842	105,842	0
Administration	629,937	536,692	536,692	0
Fiscal	351,392	335,765	335,765	0
Operation and Maintenance of Plant	591,415	586,272	586,272	0
Pupil Transportation	893,581	951,106	951,106	0
Central	38,210	34,565	34,565	0
Extracurricular Activities	154,483	182,364	182,364	0
<i>Total Expenditures</i>	8,258,593	7,825,836	7,788,189	37,647
<i>Excess of Revenues Over (Under) Expenditures</i>	(821,586)	(518,224)	(518,224)	0
Other Financing Sources (Uses)				
Transfers In	703,896	232,225	0	(232,225)
Advances In	0	15,264	15,264	0
Transfers Out	(765,940)	(236,453)	(4,228)	232,225
<i>Total Other Financing Sources (Uses)</i>	(62,044)	11,036	11,036	0
<i>Net Change in Fund Balance</i>	(883,630)	(507,188)	(507,188)	0
<i>Fund Balance Beginning of Year - Restated</i>	3,858,417	3,858,417	3,858,417	0
Prior Year Encumbrances Appropriated	63,849	63,849	63,849	0
<i>Fund Balance End of Year</i>	\$3,038,636	\$3,415,078	\$3,415,078	\$0

See accompanying notes to the basic financial statements

Symmes Valley Local School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2011

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$37,500</u>
Liabilities	
Due to Students	<u>\$37,500</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, 2011*

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 803 students.

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

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

The School District participates in four organizations, one of which is defined as a jointly governed organization and three as insurance purchasing pools. The jointly governed organization is the South Central Ohio Computer Association, and the insurance purchasing pools are the Ohio School Plan, the Lawrence County Schools Insurance Purchasing Consortium and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Symmes Valley Local School District, Ohio

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

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 are the School District's major governmental funds:

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, 2011*

Education Jobs Special Revenue Fund This fund is used to account for funds awarded to the School District that may be used only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services. Although this is a major fund, no activity was anticipated in fiscal year 2011; therefore no budgetary information is presented.

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.

Symmes Valley Local School District, Ohio

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

For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the 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, 2011, but which were levied to finance fiscal year 2012 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 2011, 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 2011 amounted to \$22,332, which includes \$3,950 assigned from other School District funds.

Symmes Valley Local School District, Ohio

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

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.

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 18 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

Symmes Valley Local School District, Ohio

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

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. 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.

Symmes Valley Local School District, Ohio

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

M. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

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.

Symmes Valley Local School District, Ohio

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

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 \$1,953,422 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. 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.

Symmes Valley Local School District, Ohio

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

Note 3 - Change in Accounting Principles and Restatement of Fund Balance

A. Change in Accounting Principles

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

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

B. Restatement of Prior Year's Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

		Other	
		Governmental	
	General	Funds	Total
Fund Balance at			
June 30, 2010	\$3,165,193	\$1,109,822	\$4,275,015
Change in Fund Structure	15,212	(15,212)	0
Adjusted Fund Balance at			
June 30, 2010	<u>\$3,180,405</u>	<u>\$1,094,610</u>	<u>\$4,275,015</u>

Symmes Valley Local School District, Ohio

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

Note 4 – Fund Balances

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

		Other	
		Governmental	
Fund Balances	General	Funds	Total
<u>Nonspendable:</u>			
Materials and Supplies Inventory	\$34,807	\$3,148	\$37,955
<u>Restricted for:</u>			
Athletics and Music	0	33,648	33,648
Technology Improvements	0	116	116
Remedial Reading	0	4,519	4,519
Teacher Development	0	2,128	2,128
Debt Service Payments	0	322,513	322,513
Capital Improvements	0	427,219	427,219
Budget Stabilization	42,941	0	42,941
Textbooks	263,519	0	263,519
<i>Total Restricted</i>	<i>306,460</i>	<i>790,143</i>	<i>1,096,603</i>
<u>Committed to:</u>			
Other Purposes	37,646	0	37,646
<u>Assigned to:</u>			
Capital Improvements	0	359,487	359,487
Other Purposes	53,683	0	53,683
<i>Total Assigned</i>	<i>53,683</i>	<i>359,487</i>	<i>413,170</i>
Unassigned:	2,163,281	(38,452)	2,124,829
<i>Total Fund Balances</i>	<i>\$2,595,877</i>	<i>\$1,114,326</i>	<i>\$3,710,203</i>

Symmes Valley Local School District, Ohio

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

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash is reported on the balance sheet (GAAP) but not on the budgetary basis.

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$584,528)
Revenue Accruals	52,759
Beginning of Fiscal Year Unrecorded Interest	34
End of Fiscal Year Unrecorded Interest	(33)
Advances	15,264
Expenditure Accruals	55,528
Encumbrances	<u>(46,212)</u>
Budget Basis	<u><u>(\$507,188)</u></u>

Note 6 - Deposits and Investments

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

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

Symmes Valley Local School District, Ohio

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,460,689 of the School District's bank balance of \$4,710,689 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.

Symmes Valley Local School District, Ohio

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

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 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 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 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after October 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at twenty-five percent of true value.

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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 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.

Symmes Valley Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

The amount available as an advance at June 30, 2011 was \$34,428 in the general fund, \$6,171 in the debt service fund, and \$1,073 in the classroom facilities maintenance special revenue fund. 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 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 2011 taxes were collected are:

	2010 Second-Half Collections		2011 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$39,122,700	86.7%	\$45,599,730	87.7%
Public Utility Personal	5,845,040	13.0%	6,319,580	12.2%
General Business Personal	146,690	0.3%	72,820	0.1%
Total	\$45,114,430	100%	\$51,992,130	100%
Tax rate per \$1,000 of assessed valuation	\$26.00		\$24.80	

Note 8 - Receivables

Receivables at June 30, 2011, 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
Education Jobs Fund:	\$335,439
Other Governmental Funds:	
Title I	98,822
Title II-A	15,300
Title IV-B	5,231
IDEA-B	54,168
Total Other Governmental Funds:	\$173,521
Total Intergovernmental Receivables	\$508,960

Symmes Valley Local School District, Ohio

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

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$111,779	\$0	\$0	\$111,779
Depreciable Capital Assets:				
Buildings and Improvements	14,850,298	0	0	14,850,298
Land Improvements	894,911	0	0	894,911
Furniture and Equipment	587,146	0	(69,181)	517,965
Vehicles	1,238,429	169,257	(167,782)	1,239,904
Total Capital Assets being Depreciated	<u>17,570,784</u>	<u>169,257</u>	<u>(236,963)</u>	<u>17,503,078</u>
Less Accumulated Depreciation				
Buildings and Improvements	(6,815,715)	(468,087)	0	(7,283,802)
Land Improvements	(498,602)	(39,359)	0	(537,961)
Furniture and Equipment	(369,594)	(19,254)	69,181	(319,667)
Vehicles	(973,788)	(83,380)	167,782	(889,386)
Total Accumulated Depreciation	<u>(8,657,699)</u>	<u>(610,080)</u> *	<u>236,963</u>	<u>(9,030,816)</u>
Total Capital Assets being Depreciated, Net	<u>8,913,085</u>	<u>(440,823)</u>	<u>0</u>	<u>8,472,262</u>
Capital Assets, Net	<u>\$9,024,864</u>	<u>(\$440,823)</u>	<u>\$0</u>	<u>\$8,584,041</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$487,915
Vocational	900
Support Services:	
Instructional Staff	578
Operation and Maintenance of Plant	23,685
Transportation	83,468
Extracurricular	7,313
Operation of Non-Instructional Services:	
Food Service Operations	6,221
Total Depreciation Expense	<u>\$610,080</u>

The School District's capital assets above include \$1,620,936 in fully depreciated assets that are still being utilized by the School District.

Symmes Valley Local School District, Ohio

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

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted with Stolly Insurance Group for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$30,550,000
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage – combined single limit	3,000,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17).

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

General Liability:	
Each Occurrence	\$3,000,000
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	3,000,000
Per Disease Each Employee	3,000,000
Per Disease Policy Limit	3,000,000
Employee Benefits Liability:	
Per Claim	3,000,000
Aggregate Limit	5,000,000
Excess Liability:	
Each Occurrence	3,000,000
Aggregate Limit	5,000,000

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

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. 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.

Symmes Valley Local School District, Ohio

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

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are on a twelve month contract earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 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 Medical Mutual of Ohio. Premiums for this coverage are \$1,581 for family coverage and \$640 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 \$69 for family coverage, \$21 for single coverage, and \$50 for two-party coverage. The School District pays 75% of all three premiums.

C. Retirement Incentive/Termination Benefits

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

NOTE 12 - 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 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations.

Symmes Valley Local School District, Ohio

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

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, 2011, 2010 and 2009 were \$133,835, \$139,687 and \$93,810 respectively; 37.37 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The 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.

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

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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, 2010, (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. 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.

Symmes Valley Local School District, Ohio

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$430,301, \$494,730 and \$521,887 respectively; 85.69 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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, 2011, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 13 - 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 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$3,093, \$2,980, and \$57,027 respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$8,560, \$7,908, and \$6,010 respectively; 41.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

Symmes Valley Local School District, Ohio

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

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, (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, 2011, 2010, and 2009 were \$33,100, \$38,056, and \$40,145 respectively; 78.85 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/2010	Additions	Reductions	Principal Outstanding 6/30/2011	Amounts Due in One Year
1998 Refunding Bonds:					
Capital Appreciation Bonds 7.9%-8.24%	\$216,100	\$0	\$58,400	\$157,700	\$56,400
Accretion on Capital Appreciation Bonds	356,934	36,993	101,600	292,327	108,600
Total Refunding Bonds	<u>573,034</u>	<u>36,993</u>	<u>160,000</u>	<u>450,027</u>	<u>165,000</u>
Early Retirement/Termination Benefits	108,320	0	54,160	54,160	54,160
Compensated Absences	650,480	41,106	137,024	554,562	83,011
Total Long-Term Liabilities	<u>\$1,331,834</u>	<u>\$78,099</u>	<u>\$351,184</u>	<u>\$1,058,749</u>	<u>\$302,171</u>

Compensated absences will be paid from the fund from which the person is paid, which are the General Fund, the Food Service Special Revenue Fund, the Poverty Aid Special Revenue Fund, and the Title I Special Revenue Fund.

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

On January 26, 1998, the School District issued \$1,408,900 in general obligation refunding bonds to replace \$1,435,000 of outstanding 1990 School Improvement General Obligation Bonds. The bond issue included serial and capital appreciation bonds, in the amounts of \$1,065,000 and \$343,900, respectively. \$1,540,865 (after premium, underwriting fees and other issuance costs) was deposited in an irrevocable

Symmes Valley Local School District, Ohio

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

trust to provide for all future debt service payments on the refunded 1990 School Improvement Bonds. As of June 30, 2011, \$450,000 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 2011, \$36,993 was accreted for a total bond value of \$450,027

Annual requirements to retire general obligation bonds, including accreted interest of \$292,327, are as follows:

Fiscal Year Ending June 30,	Capital Appreciation Bonds Principal	Interest
2012	\$56,400	\$108,600
2013	52,400	112,600
2014	48,900	116,100
Total	<u>\$157,700</u>	<u>\$337,300</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 \$4,771,383, with an unvoted debt margin of \$51,919 at June 30, 2011.

Note 15 - Transfers

During fiscal year 2011, the General Fund made transfers to the District Managed Activity Special Revenue Fund in the amount of \$4,228 to subsidize extracurricular activities.

Note 16 - 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. Symmes Valley Local School District paid \$59,468 for services provided during fiscal year 2011. 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 17 - Insurance Purchasing Pools

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of directors consisting of school district superintendents and treasurers.

Symmes Valley Local School District, Ohio

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

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.

Note 18 - Set Asides

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

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, 2011, 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.

	Budget Stabilization	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2010	\$42,941	\$226,854	\$0
Current Year Set-Aside Requirement	0	116,113	116,113
Current Year Offsets	0	0	(114,517)
Qualifying Disbursements	0	(79,448)	(98,596)
Totals	<u>\$42,941</u>	<u>\$263,519</u>	<u>(\$97,000)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$42,941</u>	<u>\$263,519</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2011	<u>\$42,941</u>	<u>\$263,519</u>	<u>\$0</u>

Symmes Valley Local School District, Ohio

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

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.

Note 19 - Contingencies

A. Grants

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

B. Litigation

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

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**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	\$ 17,012	\$ 17,012
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	64,955	64,955
National School Lunch Program	2010/2011	10.555	175,865	175,865
Cash Assistance Subtotal			<u>240,820</u>	<u>240,820</u>
Total Child Nutrition Cluster			<u>257,832</u>	<u>257,832</u>
Total U.S. Department of Agriculture			257,832	257,832
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2010 2011	84.010	31,269 <u>267,719</u>	20,010 <u>254,510</u>
Total Title I Grants to Local Educational Agencies			298,988	274,520
ARRA - Title I Grants to Local Educational Agencies	2010 2011	84.389	2,439 <u>127,101</u>	4,914 <u>117,832</u>
Total ARRA - Title I Grants to Local Educational Agencies			<u>129,540</u>	<u>122,746</u>
Total Title I Cluster			428,528	397,266
Special Education Cluster:				
Special Education Grants to States	2010 2011	84.027	3,965 <u>148,906</u>	4,782 <u>141,632</u>
Total Special Education Grants to States			152,871	146,414
ARRA - Special Education - Grants to States	2010 2011	84.391	(3,428) <u>87,591</u>	5,849 <u>81,950</u>
Total ARRA - Special Education - Grants to States			<u>84,163</u>	<u>87,799</u>
Total Special Education Cluster			237,034	234,213
Safe and Drug-Free Schools and Communities State Grants	2011	84.186		1,245
Education Technology State Grants	2010 2011	84.318	520 <u>1,160</u>	<u>1,111</u>
Total Education Technology State Grants			1,680	1,111
Rural Education	2010 2011	84.358	1,099 <u>17,589</u>	2,813 <u>16,207</u>
Total Rural Education			18,688	19,020
Improving Teacher Quality State Grants	2010 2011	84.367	214 <u>72,297</u>	9,273 <u>69,893</u>
Total Improving Teacher Quality State Grants			72,511	79,166
School Improvement Grants	2010	84.377	50,189	51,054
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010 2011	84.394	(13,943) <u>470,698</u>	<u>470,698</u>
Total ARRA - State Fiscal Stabilization Fund - Education State Grants			<u>456,755</u>	<u>470,698</u>
Total U.S. Department of Education			<u>1,265,385</u>	<u>1,253,773</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,523,217</u>	<u>\$ 1,511,605</u>

The Notes to the Federal Awards Receipts and Expenditure Schedule are an integral 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



Dave Yost • Auditor of State

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

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, each major fund, and the aggregate remaining fund information of Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 8, 2011, wherein we noted the School District adopted the provisions of Governmental Accounting Standards Board Statement No.54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 Government'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 8, 2011.

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

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

Dave Yost
Auditor of State

August 8, 2011



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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
14778 State Route 141
Willow Wood, Ohio 45696

To the Board of Education:

Compliance

We have audited the compliance of Symmes Valley Local School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2011. The Summary of Auditor's Results Section of the accompanying Schedule of Findings identifies the 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, Symmes Valley Local School District, Lawrence County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The 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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

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



Dave Yost
Auditor of State

August 8, 2011

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

Ohio Rev. Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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

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

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

Dave Yost
Auditor of State

August 8, 2011

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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 18, 2011**