



Dave Yost • Auditor of State

**PIKE DELTA YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	11
Statement of Activities – Cash Basis.....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances-Governmental Funds.....	13
Statement of Cash Receipts, Cash Disbursements, and Changes In Cash Basis Fund Balances – Governmental Funds.....	14
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	15
Statement of Cash Basis Fiduciary Net Assets –Fiduciary Funds.....	16
Statement of Cash Basis Change in Fiduciary Net Assets – Private Purpose Trust Fund.....	17
Notes to the Basic Financial Statements.....	19
Federal Awards Receipts and Expenditures Schedule.....	43
Notes to the Federal Awards Receipts and Expenditures Schedule.....	44
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45
Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance with <i>OMB Circular A-133</i>	47
Schedule of Findings.....	49
Independent Accountants' Report on Applying Agreed-Upon Procedure.....	51

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pike Delta York Local School District
Fulton County
504 Fernwood Street
Delta, Ohio 43515-1262

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 Pike Delta York Local School District, Fulton County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2.C, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards receipts and expenditure schedule (the schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the schedule provide additional information, but are not part of the basic financial statements. However these tables and the schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

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

March 2, 2012

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

The discussion and analysis of Pike-Delta-York Local School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2010 are as follows:

In total, net assets decreased \$10,164,252, or 49 percent. Over \$9 million of this decrease is related to restricted resources spent on the school construction project. The remaining \$1 million is generally due to cash carryover spending in the General Fund as disbursements exceeded receipts for fiscal year 2011.

The School District's general receipts, those being primarily property taxes and unrestricted state entitlements, were over 85 percent of the total cash received during the fiscal year.

The School District's five-year forecast illustrates that operating disbursements has exceeded or will exceed operating receipts from fiscal year 2009 through fiscal year 2016, with the School District running out of money in fiscal year 2013. In November 2008, the voters did not renew a five-year emergency levy that generated \$632,500 annually. This loss of revenue plus the loss of the tangible personal property taxes has negatively impacted the financial condition of the School District. The Board of Education has reduced expenditures by \$1.8 million from fiscal year 2008 through fiscal year 2012.

All property tax levies for operating funds are continuing levies; however, State legislation has phased out the tax on tangible personal property. Temporary reimbursement from the State for the loss of funds continued through fiscal year 2010, but will be phased out completely by fiscal year 2018 or sooner based on the State's recent budget bill. A lack of significant increases in State foundation funding negatively affects School District balances as reflected in the five-year forecast. On November 8, 2011, voters approved a 5.99 mill (\$909,937) three-year emergency levy for operations.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

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

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Pike-Delta-York Local School District, the General Fund, the Bond Retirement debt service fund, and the Building and Ohio School Facilities Commission capital projects funds are the most significant funds.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also 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, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, extracurricular activities, capital outlay, and debt service disbursements.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Building and Ohio School Facilities Commission capital projects funds.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis accounting. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 and fiscal year 2010:

Table 1 Net Assets		Governmental Activities	
	2011	2010	Change
<u>Assets:</u>			
Cash and Cash Equivalents	\$10,527,368	\$20,691,620	(\$10,164,252)
 <u>Net Assets:</u>			
Restricted	8,543,538	17,507,521	(8,963,983)
Unrestricted	1,983,830	3,184,099	(1,200,269)
Total Net Assets	\$10,527,368	\$20,691,620	(\$10,164,252)

As mentioned previously, total net assets decreased 49 percent from the prior fiscal year. Most of this decrease can be attributed to spending restricted resources on the school construction project. The remainder of the decrease is generally due to cash carryover spending in the General Fund.

Table 2 reflects the changes in net assets for fiscal year 2011 and fiscal year 2010.

Table 2 Changes in Net Assets		Governmental Activities	
	2011	2010	Change
<u>Receipts:</u>			
<u>Program Receipts</u>			
Charges for Services	\$1,040,315	\$1,155,169	(\$114,854)
Operating Grants, Contributions, and Interest	1,593,141	1,611,360	(18,219)
Capital Grants and Contributions	21,262	3,530	17,732
Total Program Receipts	2,654,718	2,770,059	(115,341)
<u>General Receipts</u>			
Property Taxes Levied for General Purposes	3,199,581	2,928,630	270,951
Property Taxes Levied for Debt Service	1,283,857	1,209,818	74,039
Property Taxes Levied for Permanent Improvements	66,329	62,284	4,045
Payment in Lieu of Taxes	34,152	60,538	(26,386)
Grants and Entitlements	11,025,755	15,229,740	(4,203,985)
Interest	56,829	147,108	(90,279)
Gifts and Donations	1,900		1,900
Miscellaneous	128,373	132,260	(3,887)
Sale of Capital Assets	568	3,225	(2,657)

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Total General Receipts	15,797,344	19,773,603	(3,976,259)
Total Receipts	<u>18,452,062</u>	<u>22,543,662</u>	<u>(4,091,600,)</u>
<u>Disbursements:</u>			
Instruction:			
Regular	6,375,476	6,508,775	133,299
Special	1,766,240	1,586,615	(179,625)
Vocational	126,034	132,365	6,331
Support Services:			
Pupils	692,088	649,318	(42,770)
Instructional Staff	564,502	680,653	116,151
Board of Education	31,602	38,866	7,264
Administration	1,028,892	929,449	(99,443)
Fiscal	358,381	341,477	(16,904)
Business	12,602	44,389	31,787
Operation and Maintenance of Plant	1,403,193	1,374,698	(28,495)
Pupil Transportation	964,463	835,823	(128,640)
Central	126,640	115,167	(11,473)
Non-Instructional Activities	472,589	487,589	15,000
Extracurricular Activities	584,311	601,332	17,021
Capital Outlay	12,771,687	4,989,105	(7,782,582)
Debt Service:			
Principal Retirement	725,000	765,000	40,000
Interest and Fiscal Charges	612,614	637,815	25,201
Total Disbursements	<u>28,616,314</u>	<u>20,718,436</u>	<u>(7,897,878)</u>
Increase (Decrease) in Net Assets	(10,164,252)	1,825,226	(11,989,478)
Net Assets at Beginning of Year	20,691,620	18,866,394	1,825,226
Net Assets at End of Year	<u>\$10,527,368</u>	<u>\$20,691,620</u>	<u>(\$10,164,252)</u>

The above table reflects an 18 percent decrease in receipts for fiscal year 2011 and was generally due to the decrease in unrestricted grants and entitlements. In the prior fiscal year, the School District received over \$7 million from the Ohio School Facilities Commission towards the school construction project. For fiscal year 2011, this amount was approximately \$3 million (much less due to the ongoing construction).

Disbursements increased 38 percent from the prior fiscal year, again, largely due ongoing construction as noted in the \$7.7 million increase in capital outlay disbursements. Other changes of note include the decrease in instructional staff costs. This decrease is a reflection of reallocating instructional aides to the administration program according to guidance provided by the Uniform School Accounting System (note the increase in administration program costs). The costs of the pupil transportation program increased due to the purchase of two buses.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction:				
Regular	\$6,375,476	\$6,508,775	\$5,765,185	\$5,830,830
Special	1,766,240	1,586,615	546,243	324,013
Vocational	126,034	132,365	101,327	107,842
Support Services:				
Pupils	692,088	649,318	687,088	640,470
Instructional Staff	564,502	680,653	564,502	680,653
Board of Education	31,602	38,866	31,602	38,866
Administration	1,028,892	929,449	1,028,892	929,449
Fiscal	358,381	341,477	358,381	341,477
Business	12,602	44,389	12,602	44,389
Operation and Maintenance of Plant	1,403,193	1,374,698	1,403,193	1,374,698
Pupil Transportation	964,463	835,823	904,979	793,938
Central	126,640	115,167	119,815	108,308
Non-Instructional Services	472,589	487,589	(15,877)	(28,162)
Extracurricular Activities	584,311	601,332	344,363	369,686
Capital Outlay	12,771,687	4,989,105	12,771,687	4,989,105
Debt Service:				
Principal Retirement	725,000	765,000	725,000	765,000
Interest and Fiscal Charges	612,614	637,815	612,614	637,815
Total Disbursements	<u>\$28,616,314</u>	<u>\$20,718,436</u>	<u>\$25,961,596</u>	<u>\$17,948,377</u>

Both the total and net cost of services differs significantly from the prior fiscal year due to the ongoing school construction as discussed previously. As can be seen above, the dependence on general receipts for most programs is significant with only several of the School District's programs receiving substantial support from program revenues. For instance, the special instruction program provided for 69 percent of its costs through program receipts from operating grants restricted for special instruction purposes. Program receipts exceeded the cost of services in the non-instructional services program (primarily cafeteria operations). Program receipts include cafeteria sales and state and federal subsidies and donated commodities for food service operations. Program receipts in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. Fund balance decreased 38 percent in the General Fund. Although receipts and disbursements were very similar to the prior fiscal year, cash carryover spending (disbursements in excess of current fiscal year receipts) resulted in the reduction in fund balance. Fund balance increase in the Bond Retirement debt service fund increased as property tax and related receipts currently exceed amounts needed for debt principal and interest payments. As expected, fund balance decreased substantially in both the Building and Ohio School Facilities Commission capital projects funds due to ongoing construction and the spending of resources restricted for that purpose.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**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 upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2011, the School District amended its General Fund budget as needed. For receipts, changes from the original budget to the final budget as well as from the final budget to the actual receipts were not significant. For disbursements, there was no change from the original budget to the final budget; however, actual disbursements were 8 percent less than anticipated and generally due to conservative budgeting. The amount budgeted for the regular instruction program was higher than amounts necessary due anticipated unemployment payments which might have been required. Conservatively higher amounts are also anticipated for special instruction costs as it is difficult for the School District to accurately determine the number of special education students or their needs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$39,545,932 in capital assets for governmental activities. The School District is reflecting capital assets at cost. Donated capital assets are reflected at their fair market value as of the date received. For further information regarding the School District's capital assets, refer to Note 7 to the basic financial statements.

Debt

At June 30, 2011, the School District's outstanding debt included general obligation bonds, in the amount of \$16,301,553, issued for building construction and improvement. For further information regarding the School District's debt, refer to Note 12 to the basic financial statements.

Current Issues

In July 2009, the State of Ohio's budget for fiscal years 2010 and 2011 (HB1) changed the way school districts are funded. The Evidence Based Funding Model (EBM) funds schools much differently than the previous building block system by using the number of students per educational building to calculate the amount of funding for different components of operating a school district. HB1 created the Pathway to Student Success (PASS) form to show the funding information for the components of the EBM. The PASS form was used for making the bi-monthly State payments for fiscal year 2011. For fiscal year 2012, the State of Ohio is funding the School District based on the amount of funding received last fiscal year less the amount of the Educational Stabilization (SFSF) Funding. The School District is anticipating a small increase in this area of funding while having a decline in other areas of funding.

The School District has experienced a tremendous decrease in tax revenues based on House Bill 66, the State's biennium budget bill for fiscal years 2006 and 2007. With the State budget, the tangible personal property tax began a four-year phase out effective for tax year 2006. School districts were promised full replacement of this lost tax for five years via the school funding formula and direct payments from the State (excluding the inventory taxes that were already scheduled to be eliminated and the first half-mill on bond and emergency levies). Pike-Delta-York Local School District received the final tangible personal property tax settlement in November 2008 with a loss of over \$2 million in annual revenues since then. Direct payments received by the School District have been as anticipated due to the guarantees within the State funding formula up through fiscal year 2011. Starting in fiscal year 2012, the direct TPP reimbursement will be reduced by 2 percent of the General Fund revenue. This results in a decrease of \$209,000 in funding for both fiscal years 2012 and 2013.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

As a part of the federal government's American Recovery and Reinvestment Act (ARRA) funding, the School District received \$326,000 in Education Jobs funding and has decided to spend all of this in fiscal year 2012. This will help fund five teaching positions and their full benefits for the 2011-2012 school year.

In spring 2006, the School District was visited by representatives from Ohio School Facilities Commission (OSFC) to discuss the possibilities that would be available through the Classroom Facilities Assistance Program. The Board of Education proceeded with all of the necessary resolutions to accept the OSFC project and succeeded in getting voter approval for a \$10 million bond issue at the August 2008 election. OSFC funding for over \$15.5 million of the total \$25.5 million project is proceeding. The School District's Master Plan included renovations to the high school building (keeping it a facility for grades 9 through 12), renovations to the middle school building to accommodate grades 5 through 8, the abandonment of the Delta and York Elementary School buildings, and the construction of a new elementary building next to the middle school to accommodate preschoolers through grade 4. Construction on the new elementary building began in October 2009 with completion in December 2010. The renovations to the high school building began in September 2010 with project completion in August 2011.

The School District will continue to spend more than it is receiving for the fourth year in a row for fiscal year 2012. This deficit spending situation has been supported by the cash balance that had been on hand. As of June 30, 2011, there is adequate cash on hand to complete fiscal year 2012 only. On November 8, 2011, voters approved a 5.99 mill (\$909,937) three-year emergency levy for operations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deb Ford, interim CFO/Treasurer, Pike-Delta-York Local School District, 504 Fernwood Street, Delta, Ohio 43515-1262.

This page intentionally left blank.

Pike-Delta-York Local School District
 Fulton County
 Statement of Net Assets - Cash Basis
 June 30, 2011

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$10,527,368</u>
 <u>Net Assets:</u>	
Restricted for:	
Capital Projects	6,687,356
Debt Service	1,413,256
Other Purposes	442,926
Unrestricted	<u>1,983,830</u>
Total Net Assets	<u>\$10,527,368</u>

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Activities - Cash Basis
 For the Fiscal Year Ended June 30, 2011

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Assets	
	Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$6,375,476	\$511,679	\$98,612		(\$5,765,185)
Special	1,766,240	48,507	1,171,490		(546,243)
Vocational	126,034		24,707		(101,327)
Support Services:					
Pupils	692,088		5,000		(687,088)
Instructional Staff	564,502				(564,502)
Board of Education	31,602				(31,602)
Administration	1,028,892				(1,028,892)
Fiscal	358,381				(358,381)
Business	12,602				(12,602)
Operation and Maintenance of Plant	1,403,193				(1,403,193)
Pupil Transportation	964,463	24,459	13,763	\$21,262	(904,979)
Central	126,640		6,825		(119,815)
Non-Instructional Services	472,589	237,084	251,382		15,877
Extracurricular Activities	584,311	218,586	21,362		(344,363)
Capital Outlay	12,771,687				(12,771,687)
Debt Service:					
Principal Retirement	725,000				(725,000)
Interest and Fiscal Charges	612,614				(612,614)
Total Governmental Activities	\$28,616,314	\$1,040,315	\$1,593,141	\$21,262	(25,961,596)
<u>General Receipts:</u>					
Property Taxes Levied for General Purposes					3,199,581
Property Taxes Levied for Debt Service					1,283,857
Property Taxes Levied for Maintenance					66,329
Payment in Lieu of Taxes					34,152
Grants and Entitlements not Restricted to Specific Programs					11,025,755
Interest					56,829
Gifts and Donations					1,900
Miscellaneous					128,373
Sale of Capital Assets					568
Total General Receipts					15,797,344
Change in Net Assets					(10,164,252)
Net Assets at Beginning of Year					20,691,620
Net Assets at End of Year					\$10,527,368

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 June 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Ohio School Facilities Commission</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	<u>\$1,983,830</u>	<u>\$1,413,256</u>	<u>\$1,280,546</u>	<u>\$4,907,800</u>	<u>\$941,936</u>	<u>\$10,527,368</u>
<u>Fund Balances:</u>						
Restricted		\$1,413,256	\$1,280,546	\$4,907,800	\$442,926	\$8,044,528
Assigned	\$90,455				499,010	589,465
Unassigned	<u>1,893,375</u>					<u>1,893,375</u>
Total Fund Balances	<u>\$1,983,830</u>	<u>\$1,413,256</u>	<u>\$1,280,546</u>	<u>\$4,907,800</u>	<u>\$941,936</u>	<u>\$10,527,368</u>

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2011

	General	Bond Retirement	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
Receipts:						
Property Taxes	\$3,199,581	\$1,283,857			\$66,329	\$4,549,767
Payment in Lieu of Taxes	34,152					34,152
Intergovernmental	7,147,546	277,924		\$3,665,388	1,513,005	12,603,863
Interest	26,277		\$25,831	4,721	77	56,906
Tuition and Fees	564,395					564,395
Extracurricular Activities					216,265	216,265
Charges for Services					236,693	236,693
Gifts and Donations	3,050				35,068	38,118
Miscellaneous	148,623				2,712	151,335
Total Receipts	11,123,624	1,561,781	25,831	3,670,109	2,070,149	18,451,494
Disbursements:						
Current:						
Instruction:						
Regular	5,740,722				634,754	6,375,476
Special	1,217,758				548,482	1,766,240
Vocational	126,034					126,034
Support Services:						
Pupils	685,251				6,837	692,088
Instructional Staff	547,308				17,194	564,502
Board of Education	31,602					31,602
Administration	1,028,892					1,028,892
Fiscal	319,206	35,620			3,555	358,381
Business	12,602					12,602
Operation and Maintenance of Plant	1,342,124				61,069	1,403,193
Pupil Transportation	835,379				129,084	964,463
Central	119,815				6,825	126,640
Non-Instructional Services						
Extracurricular Activities	343,775				472,589	472,589
Capital Outlay			1,995,486	10,743,911	32,290	12,771,687
Debt Service:						
Principal Retirement		725,000				725,000
Interest and Fiscal Charges		612,614				612,614
Total Disbursements	12,350,468	1,373,234	1,995,486	10,743,911	2,153,215	28,616,314
Excess of Receipts Over (Under) Disbursements	(1,226,844)	188,547	(1,969,655)	(7,073,802)	(83,066)	(10,164,820)
Other Financing Source:						
Sale of Capital Assets	568					568
Changes in Fund Balances	(1,226,276)	188,547	(1,969,655)	(7,073,802)	(83,066)	(10,164,252)
Fund Balances at Beginning of Year	3,210,106	1,224,709	3,250,201	11,981,602	1,025,002	20,691,620
Fund Balances at End of Year	<u>\$1,983,830</u>	<u>\$1,413,256</u>	<u>\$1,280,546</u>	<u>\$4,907,800</u>	<u>\$941,936</u>	<u>\$10,527,368</u>

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Receipts, Disbursements, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property Taxes	\$2,920,000	\$3,199,580	3,199,581	\$1
Payment in Lieu of Taxes	75,000	75,000	34,152	(40,848)
Intergovernmental	6,842,000	6,840,696	7,147,546	306,850
Interest	30,000	30,000	25,807	(4,193)
Tuition and Fees	709,000	709,000	564,395	(144,605)
Gifts and Donations			3,050	3,050
Miscellaneous	111,900	111,900	107,557	(4,343)
Total Receipts	10,687,900	10,966,176	11,082,088	115,912
<u>Disbursements:</u>				
<u>Current:</u>				
<u>Instruction:</u>				
Regular	6,230,339	6,226,703	5,754,991	471,712
Special	1,425,525	1,425,525	1,220,807	204,718
Vocational	146,972	147,117	127,776	19,341
<u>Support Services:</u>				
Pupils	716,400	716,400	685,451	30,949
Instructional Staff	498,515	499,005	570,438	(71,433)
Board of Education	68,648	68,648	34,129	34,519
Administration	1,098,235	1,095,786	1,029,110	66,676
Fiscal	388,014	390,464	328,024	62,440
Business	52,000	52,000	12,602	39,398
Operation and Maintenance of Plant	1,533,590	1,533,590	1,351,447	182,143
Pupil Transportation	855,052	858,052	835,450	22,602
Central	127,600	127,600	119,815	7,785
Extracurricular Activities	389,380	389,380	343,775	45,605
Total Disbursements	13,530,270	13,530,270	12,413,815	1,116,455
Excess of Receipts Under Disbursements	(2,842,370)	(2,564,094)	(1,331,727)	1,232,367
<u>Other Financing Sources:</u>				
Sale of Capital Asssets	10,000	10,000	568	(9,432)
Refund of Prior Year Expenditures	10,000	10,000	522	(9,478)
Other Financing Sources			40,544	40,544
Total Other Financing Sources	20,000	20,000	41,634	21,634
Changes in Fund Balance	(2,822,370)	(2,544,094)	(1,290,093)	1,254,001
Fund Balance at Beginning of Year	3,051,646	3,051,646	3,051,646	
Prior Year Encumbrances Appropriated	158,460	158,460	158,460	
Fund Balance at End of Year	\$387,736	\$666,012	\$1,920,013	\$1,254,001

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Cash Basis Fiduciary Net Assets
 Fiduciary Funds
 For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$50,006	\$67,434
<u>Liabilities:</u>		
Due to Students		\$67,434
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$50,006	

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Fulton County
Statement of Cash Basis Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

Additions:

Interest	\$555
Donations	2,068
Total Additions	<u>2,623</u>

Deductions:

Non-Instructional Services	<u>2,400</u>
----------------------------	--------------

Change in Net Assets 223

Net Assets at Beginning of Year 49,783

Net Assets at End of Year \$50,006

See Accompanying Notes to Basic Financial Statements

This page intentionally left blank.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1966. The School District serves an area of approximately seventy-three square miles. It is located in Fulton County, and includes all of the Village of Delta and portions of Fulton, Pike, Swancreek, and York Townships. The School District is the 393rd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by sixty classified employees, eighty-four certified teaching personnel, and five administrative employees who provide services to 1,388 students and other community members. The School District currently operates three instructional buildings, an administration building, and a bus garage.

Reporting Entity

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

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

The School District participates in four jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Educational Council Insurance Pool, the Northern Buckeye Education Council Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Delta Public Library. These organizations are presented in Notes 15, 16, and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principals include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

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. The funds of the School District are divided into two categories, governmental and fiduciary.

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Building and Ohio School Facilities Commission capital projects funds.

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

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation bonds.

Building Fund - The Building capital projects fund accounts for local resources restricted for the construction of a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school.

Ohio School Facilities Commission Fund - The Ohio School Facilities Commission capital projects fund accounts for both State and local resources restricted for the construction of a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school.

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

Fiduciary Funds

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 not available to support the School District's own programs. The School District's private purpose trust fund accounts for college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are an alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level in all other funds. Budgetary allocations at the function level in the General Fund and at the function and object level within all other funds are made by the School District CFO/Treasurer.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 2 - Summary of Significant Accounting Policies (Continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the CFO/Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records.

Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2011, investments included nonnegotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Investments are reported at fair value, which is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

The Board of Education allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2011 was \$26,277, which includes \$12,226 assigned from other School District funds.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

G. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Long-Term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

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

Assigned - Amounts in the assigned classification are intended to be used by the 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 Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 3 - Budgetary Basis of Accounting

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 Receipts, Disbursements, and Change in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (cash basis). The amount of encumbrances outstanding at year end was \$63,347 in the General Fund.

Note 4 - Deposits and Investments

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

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

Inactive deposits are public deposits the Board of Education 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 may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 4 - Deposits and Investments (Continued)

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the 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, \$868,605 of the School District's bank balance of \$8,471,242 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of June 30, 2011, the School District had the following investments.

	<u>Fair Value</u>	<u>Maturity</u>
Federal Home Loan Bank Notes	\$425,323	November 18, 2011
Federal Home Loan Bank Notes	350,049	December 21, 2011
Federal Home Loan Bank Notes	349,661	March 26, 2012
Federal Home Loan Mortgage Corporation Notes	500,470	June 21, 2013
Mutual Funds	3,563	average 35 days
STAR Ohio	636,242	average 58 days
Total	<u>\$2,265,308</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated, at the time of purchase, in the highest category by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 4 - Deposits and Investments (Continued)

The School District places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the School District's total portfolio.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	\$1,125,033	49.66%
Federal Home Loan Mortgage Corporation	500,470	22.09

Note 5 - Property Taxes

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

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

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

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Fulton County. The 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.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 5 - Property Taxes (Continued)

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

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$124,611,750	82.90%	\$124,957,690	86.64%
Industrial/Commercial	18,456,110	12.28	19,079,870	13.23
Public Utility	7,246,710	4.82	181,340	0.13
Total Assessed Value	<u>\$150,314,570</u>	<u>100.00%</u>	<u>\$144,218,900</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$56.20		\$56.20	

Note 6 - Payment in Lieu of Taxes

According to State law, Fulton County has entered into agreements with a number of property owners under which Fulton County has granted property tax exemptions to those property owners. The property owners have agreed to make payments which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The agreements provide for a portion of these payments to be made to the School District. The property owner's contractually promise to make these payments in lieu of taxes until the agreement expires.

Note 7 - Capital Assets

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

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$970,367			\$970,367
Construction in Progress	6,817,231	\$11,181,998		17,999,229
Total Nondepreciable Capital Assets	<u>7,787,598</u>	<u>11,181,998</u>		<u>18,969,596</u>
Depreciable Capital Assets				
Land Improvements	\$1,160,093			\$1,160,093
Buildings and Building Improvements	17,254,340	\$6,500	(\$244,391)	17,016,449
Furniture, Fixtures, and Equipment	1,151,302	54,375	(64,603)	1,141,074
Vehicles	1,281,600	183,282	(206,162)	1,258,720
Total Depreciable Capital Assets	<u>20,847,335</u>	<u>244,157</u>	<u>(515,156)</u>	<u>20,576,336</u>
Governmental Activities Capital Assets	<u>\$28,634,933</u>	<u>\$11,426,155</u>	<u>(\$515,156)</u>	<u>\$39,545,932</u>

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 8 - 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 for the following insurance coverage.

Coverage provided by Selective Insurance Company of South Carolina is as follows:

General Liability	
Per Occurrence	\$1,000,000
Total per Year	3,000,000
Vehicle Liability	1,000,000

Coverage provided by Chubb Group of Insurance Companies is as follows:

Building and Contents	\$50,000,000
-----------------------	--------------

Coverage provided by Travelers Insurance Company is as follows:

Excess Property	\$200,000,000
-----------------	---------------

Coverage provided by American Alternative Insurance Corporation is as follows:

Umbrella	\$10,000,000
----------	--------------

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 Northwest Ohio Educational Council Insurance Pool (Pool), an insurance purchasing pool. Each participant enters into an individual agreement with the Pool for insurance coverage and pays annual premiums to the Pool based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (Program), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees including medical, dental, vision, and life insurance. The Northern Buckeye Education Council is responsible for the management and operations of the Program. The agreement for the Program provides for additional assessments to all participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 9 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 was \$593,127, \$721,127, and \$719,986, respectively; 81 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DCP and CP for fiscal year 2011 were \$21,348 made by the School District and \$15,249 made by the plan members.

B. School Employees Retirement System

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

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 9 - Defined Benefit Pension Plans (Continued)

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary and the School District was 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. 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 contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$173,598, \$206,369, and \$143,749, respectively; 46 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 State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2011, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 10 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$47,267, \$57,271, and \$56,032, respectively; 81 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 10 - Postemployment Benefits (Continued)

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, the surcharge amount was \$24,818.

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 contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$21,020, \$7,428, and \$65,786, respectively; 46 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$11,171, \$12,272, and \$11,860, respectively; 46 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

Note 11 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Up to five days of unused vacation may be carried forward to the succeeding fiscal year or the employee can take a lump sum payment at their regular daily rate. Unused vacation in excess of five days cannot be carried forward to the succeeding fiscal year. Teachers do not earn vacation time.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 11 - Other Employee Benefits (Continued)

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred to two hundred twenty days for classified employees and two hundred eight days for certified employees. Upon retirement, payment is made for one-half of accrued but unused sick leave credit to a maximum of seventy-five days for classified employees. For certified employees, they are entitled to the amount of unused sick days multiplied by their daily rate then by .33, plus an additional payment of \$75 per day times forty-five days minus the number of sick days used during his/her last three years. An additional amount of \$750 will be paid to employees filing for retirement by February 1 of the year in which they plan to retire.

B. Health Care Benefits

The School District provides medical, dental, vision, and life insurance to most employees through the Northern Buckeye Education Council Employee Insurance Benefits Program.

Note 12 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
General Obligation Debt					
FY98 School Improvement Bonds					
Capital Appreciation Bonds 5.05-5.1%	\$209,783			\$209,783	\$110,005
Accretion on Capital Appreciation Bonds	1,037,748	\$85,158		1,122,906	
FY06 School Improvement Refunding Bonds					
Serial Bonds 3.5-4%	\$4,550,007		\$585,000	\$3,965,007	\$10,000
Capital Appreciation Bonds 3.91-4.05%	654,993			654,993	
Accretion on Capital Appreciation Bonds	320,047	\$92,244		412,291	
Premium	357,668		40,199	317,469	
Accounting Loss	(258,706)		(29,077)	(229,629)	
FY09 Classroom Facilities Improvement Bonds					
Serial Bonds 3-3.75%	875,000		75,000	800,000	75,000
Term Bonds 4.7-5.5%	4,875,000			4,875,000	
Capital Appreciation Bonds 4.75-5%	3,808			3,808	
Accretion on Capital Appreciation Bonds	4,232	5,036		9,268	

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 12 - Long-Term Obligations (Continued)

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
Premium	217,828		2,839	214,989	
Discount	(117,625)		(1,534)	(116,091)	
FY09 School Improvement Bonds					
Serial Bonds 3%	710,000		65,000	645,000	75,000
Term Bonds 4-5%	3,250,000			3,250,000	
Capital Appreciation Bonds					
5.05-5.1%	76,189			76,189	
Accretion on Capital Appreciation Bonds	15,526	12,559		28,085	
Premium	113,138		1,822	111,316	
Discount	(49,630)		(799)	(48,831)	
Total General Obligation Debt	\$16,845,006	\$194,997	\$738,450	\$16,301,553	\$270,005

FY98 School Improvement Bonds - On May 1, 1998, the School District issued \$9,549,783 in voted general obligation bonds for the construction of a middle school and improvements to other School District buildings. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$4,920,000, \$4,420,000, and \$209,783, respectively. The bonds were issued for a twenty-two year period, with final maturity during fiscal year 2020. The term bonds and a portion of the serial bonds were advance refunded in fiscal year 2006. The remaining serial bonds were fully retired in fiscal year 2009. The capital appreciation bonds will be retired through the Bond Retirement debt service fund with voted property tax revenues.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2012 and 2013. The maturity amount of the bonds is \$1,375,000. For fiscal year 2011, \$85,158 was accreted for a total bond value of \$1,332,689 at fiscal year end.

FY06 School Improvement Refunding Bonds - On January 24, 2006, the School District issued bonds, in the amount of \$6,775,000, to partially refund bonds previously issued in fiscal year 1998 for the construction of a middle school and improvements to other School District buildings. The refunding bond issue included serial and capital appreciation bonds, in the original amount of \$6,120,007 and \$654,993, respectively. The bonds were issued for a fourteen year period, with final maturity during fiscal year 2020.

The serial bonds are subject to prior redemption on or after December 1, 2016, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2014 through 2016. The maturity amount of the bonds is \$1,455,000. For fiscal year 2011, \$92,244 was accreted on the capital appreciation bonds for a total value of \$1,067,284 at fiscal year end.

At June 30, 2011, \$5,420,000 of the refunded bonds was still outstanding.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 12 - Long-Term Obligations (Continued)

FY09 Classroom Facilities Improvement Bonds - On December 23, 2008, the School District issued voted general obligation bonds, in the amount of \$5,853,808, to pay the local share of construction on a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$975,000, \$4,875,000 and \$3,808, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2037.

The serial bonds are subject to prior redemption on or after November 1, 2019, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on November 1, 2023, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2019	\$175,000
2020	185,000
2021	195,000
2022	200,000

The remaining principal, in the amount of \$210,000, will be paid at stated maturity on November 1, 2023.

The term bonds maturing on November 1, 2025, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on November 1, 2024, in the amount of \$220,000 (with the balance of \$230,000 to be paid at stated maturity on November 1, 2025), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on November 1, 2028, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2026	\$245,000
2027	255,000

The remaining principal, in the amount of \$265,000, will be paid at stated maturity on November 1, 2028.

The term bonds maturing on November 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on November 1, 2029, in the amount of \$280,000 (with the balance of \$295,000 to be paid at stated maturity on November 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 12 - Long-Term Obligations (Continued)

The term bonds maturing on November 1, 2033, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2031	\$310,000
2032	325,000

The remaining principal, in the amount of \$345,000, will be paid at stated maturity on November 1, 2033.

The term bonds maturing on November 1, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2034	\$360,000
2035	380,000

The remaining principal, in the amount of \$400,000, will be paid at stated maturity on November 1, 2036.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$350,000. For fiscal year 2011, \$5,036 was accreted on the capital appreciation bonds for a total value of \$13,076 at fiscal year end.

At June 30, 2011, \$5,342,057 of these proceeds had not been spent.

FY09 School Improvement Bonds - On January 22, 2009, the School District issued voted general obligation bonds, in the amount of \$4,146,189, to pay a share of construction on a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$820,000, \$3,250,000 and \$76,189, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2037.

The serial bonds are subject to prior redemption on or after November 1, 2019, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on November 1, 2023, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2019	\$125,000
2020	130,000
2021	135,000
2022	140,000

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 12 - Long-Term Obligations (Continued)

The remaining principal, in the amount of \$145,000, will be paid at stated maturity on November 1, 2023.

The term bonds maturing on November 1, 2026, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2024	\$150,000
2025	155,000

The remaining principal, in the amount of \$165,000, will be paid at stated maturity on November 1, 2026.

The term bonds maturing on November 1, 2029, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2027	\$170,000
2028	180,000

The remaining principal, in the amount of \$185,000, will be paid at stated maturity on November 1, 2029.

The term bonds maturing on November 1, 2032, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2030	\$195,000
2031	205,000

The remaining principal, in the amount of \$215,000, will be paid at stated maturity on November 1, 2032.

The term bonds maturing on November 1, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on November 1 in the year and the respective principal amounts as follows:

Year	Amount
2033	\$220,000
2034	235,000
2035	245,000

The remaining principal, in the amount of \$255,000, will be paid at stated maturity on November 1, 2036.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$250,000. For fiscal year 2011, \$12,559 was accreted on the capital appreciation bonds for a total value of \$104,274 at fiscal year end.

The School District's overall debt margin was (\$86,823) with an unvoted debt margin of \$144,219 at June 30, 2011. The School District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 12 - Long-Term Obligations (Continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds				Total
	Serial	Term	Capital Appreciation	Interest	
2012	\$160,000		\$110,005	\$1,458,992	\$1,728,997
2013	195,000		99,778	1,488,842	1,783,620
2014	265,000		337,938	932,517	1,535,455
2015	1,010,000			562,258	1,572,258
2016	280,000		317,055	991,465	1,588,520
2017-2021	3,500,007	\$615,000	79,997	2,735,068	6,930,072
2022-2026		1,780,000		1,650,631	3,430,631
2027-2031		2,235,000		1,186,858	3,421,858
2032-2036		2,840,000		559,518	3,399,518
2037		655,000		17,375	672,375
Total	<u>\$5,410,007</u>	<u>\$8,125,000</u>	<u>\$944,773</u>	<u>\$11,583,524</u>	<u>\$26,063,304</u>

Note 13 - Fund Balance

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:

Fund Balance	General	Bond Retirement	Building	Ohio Schools Facilities Commission
Restricted for:				
Regular Instruction				
Special Instruction				
Athletics				
Food Service Operations				
Facilities Maintenance				
Debt Retirement		\$1,413,256		
Building Construction			\$1,280,546	\$4,907,800
Total Restricted		<u>1,413,256</u>	<u>1,280,546</u>	<u>4,907,800</u>

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 13 - Fund Balance (Continued)

Fund Balance	General	Bond Retirement	Building	Ohio Schools Facilities Commission
Assigned for:				
Educational Activities	\$27,192			
Permanent Improvements				
Unpaid Obligations	63,263			
Total Assigned	90,455			
Unassigned:	1,893,375			
Total Fund Balance	\$1,983,830	\$1,413,256	\$1,280,546	\$4,907,800

Fund Balance	Other Governmental	Total Governmental Funds
Restricted for:		
Regular Instruction	\$81,395	\$81,395
Special Instruction	6,883	6,883
Athletics	59,184	59,184
Food Service Operations	93,276	93,276
Facilities Maintenance	202,188	202,188
Debt Retirement		1,413,256
Building Construction		6,188,346
Total Restricted	442,926	8,044,528
Assigned for:		
Educational Activities		27,192
Permanent Improvements	499,010	499,010
Unpaid Obligations		63,263
Total Assigned	499,010	589,465
Unassigned:		1,893,375
Total Fund Balance	941,936	10,527,368

Note 14 - 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 the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

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

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 14 - Set Asides (Continued)

	Textbooks	Capital Improvements
Balance June 30, 2010	(\$269,154)	
Current Year Set Aside Requirement	200,548	\$200,548
Current Year Offsets		(59,819)
Qualifying Expenditures	(142,387)	(\$140,729)
Balance June 30, 2011	(\$210,993)	

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

Note 15 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2011, the School District paid \$52,016 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a board consisting of five representatives from the Northwest Ohio Educational Service Center and one representative from the participating school districts elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Four County Career Center, Route 1, Box 245A, Archbold, Ohio 43502.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 15 - Jointly Governed Organizations (Continued)

D. Northwestern Ohio Educational Research Council, Inc.

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

Note 16 - Insurance Pools

A. Northwest Ohio Educational Council Insurance Pool

The School District participates in the Northwest Ohio Educational Council Insurance Pool (Pool), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Pool is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Pool's business and affairs are conducted by a nine member board consisting of superintendents and treasurers. Financial information can be obtained from the Lucas County Educational Service Center, 2275 Collingwood Boulevard, Toledo, Ohio, 43620.

B. Northern Buckeye Education Council Employee Insurance Benefits Program

The Northern Buckeye Education Council Employee Insurance Benefits Program (Program) is a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The Program is governed by the Northern Buckeye Education Council (NBEC) and its participating members.

C. Northern Buckeye Education Council Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The Plan is governed by the NBEC and the participants of the Plan. The Executive Director of the NBEC coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Note 17 - Related Organization

The Delta Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Pike-Delta-York Board of Education. The Board of Trustees possesses its own budgeting and contracting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Delta Public Library, 402 Main Street, Delta, Ohio 43515.

Note 18 - Contingencies

A. Grants

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

B. Litigation

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

Note 19 - Subsequent Event

On November 8, 2011, voters approved a 5.99 mill (\$909,937) three-year emergency levy for operations.

This page intentionally left blank.

**PIKE DELTA YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$41,418	\$41,418
National School Lunch Program	10.555		
Cash Assistance		203,471	203,471
Non- Cash Assistance (Food Distribution)		68,231	68,231
Total National School Lunch Program		<u>271,702</u>	<u>271,702</u>
Total U.S. Department of Agriculture		<u>313,120</u>	<u>313,120</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
<u>Title I Cluster:</u>			
Title I Grants to Local Educational Agencies	84.010	150,550	154,491
ARRA - Title I Grants to Local Educational Agencies	84.389	64,684	66,036
Total Title I Cluster		<u>215,234</u>	<u>220,527</u>
Title II-D Technology Grant	84.318	525	525
Improving Teacher Quality State Grants	84.367	77,872	78,196
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	494,155	481,143
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants	84.395	17,227	17,194
Total U.S. Department of Education		<u>805,013</u>	<u>797,585</u>
U.S. DEPARTMENT OF ENERGY			
<i>Passed Through Clean Fuels Ohio:</i>			
ARRA - Clean Cities Grant	81.086	<u>24,792</u>	<u>24,792</u>
Total Federal Awards Receipts and Expenditures		<u>\$1,142,925</u>	<u>\$1,135,497</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Pike-Delta-York Local School District's (the 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

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



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*

Pike Delta York Local School District
Fulton County
504 Fernwood Street
Delta, Ohio 53515-1262

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 the Pike Delta York Local School District, Fulton County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 2, 2012, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.auditor.state.oh.us

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 2, 2012.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Board of Education, federal awarding agencies and pass-through entities, and others within the 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 initial "D".

Dave Yost
Auditor of State

March 2, 2012



Dave Yost • Auditor of State

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

Pike Delta York Local School District
Fulton County
504 Fernwood Street
Delta, Ohio 43515-1262

To the Board of Education:

Compliance

We have audited the compliance of Pike Delta York Local School District, Fulton County, Ohio (the 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 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 District's major federal programs. The 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 District's compliance based on our audit.

Our compliance audit followed 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 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 District's compliance with those requirements.

In our opinion, the Pike Delta York Local School District, Fulton 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 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 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 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 noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 2, 2012.

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

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

Dave Yost
Auditor of State

March 2, 2012

**PIKE DELTA YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster – CFDA #10.553 and 10.555 ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants – CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2011-001

Noncompliance Citation

Ohio Revised Code, § 117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code § 117-2-03 (B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2011, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Pike Delta York Local School District
Fulton County
504 Fernwood Street
Delta, Ohio 53515-1262

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 the Pike Delta York 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.

We noted the Board amended its anti-harassment policy at its meeting on December 8, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

Dave Yost
Auditor of State

March 2, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

PIKE DELTA YORK LOCAL SCHOOL DISTRICT

FULTON 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
MARCH 15, 2012