



Dave Yost • Auditor of State

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Twin Valley Community Local School District
Preble County
100 Education Drive
West Alexandria, Ohio 45381

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 Twin Valley Community Local School District, Preble 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 1, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Valley Community Local School District, Preble County, Ohio, as of June 30, 2011, and the respective changes in modified cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

As described in Note 19, during the year ended June 30, 2011, the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 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 & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. 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 & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

March 14, 2012

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

The discussion and analysis of Twin Valley Community Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- The School District had increases to salaries through a one percent base pay increase during the fiscal year and an increase in staffing.
- During 2011, the School District received both fiscal stabilization monies and ARRA grants.
- The School District hired three new special education aides and an interim superintendent while the current superintendent was on paid administrative leave.

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 modified cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the modified cash activities as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements for most transactions are recorded when cash is received or paid.

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

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities – Modified Cash Basis

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 modified cash basis accounting. The Statement of Net Assets presents the cash balances and investments, capital assets and long-term debt of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares modified cash basis disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions 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 modified cash basis disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

These statements report the School District's modified cash position and the changes in modified cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's modified cash basis position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well, such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property and income taxes.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds, not the School District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Debt Service Fund.

Governmental Funds

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

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 of these funds are not available to support the School District's programs.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE 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 compared to fiscal year 2010:

Table 1 Net Assets			
	2011	2010	Change
Assets:			
Current Assets	\$2,050,138	\$2,577,062	(\$526,924)
Capital Assets, Net	10,876,168	11,271,844	(395,676)
<i>Total Assets</i>	12,926,306	13,848,906	(922,600)
Liabilities:			
Due Within One Year	285,000	260,000	25,000
Due In More Than One Year	1,735,000	2,020,000	(285,000)
<i>Total Liabilities</i>	2,020,000	2,280,000	(260,000)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	8,856,168	8,991,844	(135,676)
Restricted	1,050,040	1,038,115	11,925
Unrestricted	1,000,098	1,538,947	(538,849)
<i>Total Net Assets</i>	\$10,906,306	\$11,568,906	(\$662,600)

Current assets decreased mainly due to cash and cash equivalents decreasing from disbursements that were higher than receipts received for the fiscal year. This was primarily due to the School District hiring new employees and paying for two superintendents while the current superintendent was on paid administrative leave. Capital assets decreased by \$395,676 due to a restatement of capital assets in 2010. This is further explained in Note 8.

Liabilities consist of the debt of the School District. The decrease is due to the School District making the required principal payments and not issuing new debt during the fiscal year.

Unrestricted net assets of governmental activities decreased, primarily due to an increase in special instruction disbursements from the School District hiring three new special education aides and an interim superintendent while the current superintendent was on paid administrative leave.

Table 2 shows the changes in net assets for fiscal years 2011 and 2010.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

Table 2
Change in Net Assets

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Receipts:			
Program Cash Receipts:			
Charges for Services	\$641,624	\$601,190	\$40,434
Operating Grants and Contributions	852,717	1,041,233	(188,516)
<i>Total Program Cash Receipts</i>	<u>\$1,494,341</u>	<u>\$1,642,423</u>	<u>(148,082)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	2,326,614	2,280,100	46,514
Debt Service	357,301	350,414	6,887
Other Purposes	37,998	37,201	797
Income Tax	718,893	701,765	17,128
Grants and Entitlements not Restricted to Specific Programs	4,581,841	4,595,430	(13,589)
Interest	10,236	21,493	(11,257)
Miscellaneous	66,827	35,030	31,797
<i>Total General Receipts</i>	<u>8,099,710</u>	<u>8,021,433</u>	<u>78,277</u>
<i>Total Receipts</i>	<u>9,594,051</u>	<u>9,663,856</u>	<u>(69,805)</u>
Cash Disbursements:			
Instruction:			
Regular	4,388,685	4,081,035	307,650
Special	1,002,212	712,917	289,295
Vocational	200,945	155,905	45,040
Support Services:			
Pupils	600,804	212,214	388,590
Instructional Staff	358,342	321,006	37,336
Board of Education	56,065	125,230	(69,165)
Administration	956,740	1,036,190	(79,450)
Fiscal	197,632	196,904	728
Operation and Maintenance of Plant	944,633	939,116	5,517
Pupil Transportation	550,272	509,385	40,887
Central	99,752	94,195	5,557
Operation of Non-Instructional Services	459,863	435,148	24,715
Extracurricular Activities	334,936	309,117	25,819
Debt Service:			
Interest and Fiscal Charges	105,770	123,396	(17,626)
<i>Total Cash Disbursements</i>	<u>10,256,651</u>	<u>9,251,758</u>	<u>1,004,893</u>
<i>Increase (Decrease) in Net Assets</i>	(662,600)	412,098	
<i>Net Assets at Beginning of Year</i>	<u>11,568,906</u>	<u>11,156,808</u>	
<i>Net Assets at End of Year</i>	<u>\$10,906,306</u>	<u>\$11,568,906</u>	

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

Governmental Activities

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes and income taxes made up 36 percent of receipts for governmental activities for the School District for fiscal year 2011. Without this tax support, disbursements would have drastically outpaced receipts and the School District could not maintain the same operations as it does currently.

Disbursements increased \$1,004,893, or 11 percent from the previous fiscal year. The largest increase was in support services: pupils and regular instruction. Overall, the decrease was primarily due to an increase in salaries and benefits and the School District hiring three new special education aides and an interim superintendent.

Again, it should be noted that the School District uses the modified cash basis of accounting which does not take into account any accruals and only includes what is disbursed during the fiscal year being reported.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified cash basis of accounting. All governmental funds had total receipts of \$9,594,051 and disbursements of \$10,120,975.

The net change in fund balance for the General Fund and the Bond Retirement Debt Service Fund was (\$445,772) and \$37,227, respectively. The decrease in the General Fund was primarily due to an increase in disbursements from hiring an interim superintendent and three new special education aides and an increase in health insurance premiums. The Bond Retirement Debt Service Fund increased slightly from reduced interest payments for debt during the fiscal year.

General Fund Budgeting Highlights

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

For the General Fund, the final budget basis receipts estimate were slightly higher than the original budget basis receipts by \$4,792, or less than percent. Actual receipts were equal to final budget basis receipt estimates.

Final appropriations were higher than the original appropriations by \$43,547. Final appropriations were slightly larger than actual disbursements by \$5,111, primarily from extracurricular activities being less than expected. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

Capital Assets

At the end of fiscal year 2011, the School District had \$10,876,168 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles.

Table 3 shows fiscal year 2011 balances compared to fiscal year 2010.

Table 3
Capital Assets (Net of Depreciation) at June 30,

	2011	2010
Land	\$336,998	\$336,998
Land Improvements	159,932	163,005
Buildings and Improvements	10,095,960	10,440,816
Furniture, Fixtures, and Equipment	142,792	182,170
Vehicles	140,486	148,855
<i>Totals</i>	\$10,876,168	\$11,271,844

Overall, capital assets decreased \$395,676 from fiscal year 2010 to fiscal year 2011. This was due to depreciation during the fiscal year. For more information on capital assets, see Note 8 of the basic financial statements.

Debt Administration

At June 30, 2011, the School District had \$2,020,000 in general obligation bonds outstanding, of which \$285,000 is due within one year. Table 4 summarizes the bonds outstanding:

Table 4
Outstanding Debt, at Fiscal Year-End
Governmental Activities

	2011	2010
1994 School Improvement Bonds	\$285,000	\$545,000
2007 School Improvement Refunding Bonds	1,735,000	1,735,000
<i>Totals</i>	\$2,020,000	\$2,280,000

The School District's overall legal debt margin was \$8,338,807, with an unvoted debt margin of \$111,002 at June 30, 2011. For more information on the School District's debt, see Note 13 of the basic financial statements.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

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 show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rachel M. Tait, Treasurer, at Twin Valley Community Local School District, 100 Education Drive, West Alexandria, Ohio 45381, or email at rtait@tvs.k12.oh.us.

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Twin Valley Community Local School District
Statement of Net Assets - Modified Cash Basis
June 30, 2011

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$2,050,138
Nondepreciable Capital Assets	336,998
Depreciable Capital Assets, Net	10,539,170
<i>Total Assets</i>	12,926,306
Liabilities:	
Long-Term Liabilities:	
Due Within One Year	285,000
Due in More Than One Year	1,735,000
<i>Total Liabilities</i>	2,020,000
Net Assets:	
Invested in Capital Assets, Net of Related Debt	8,856,168
Restricted for:	
Debt Service	368,620
Capital Projects	1,680
Classroom Facilities Maintenance	179,781
Athletic Services	26,025
Title I	23,664
Other Purposes	33,075
Set-Asides	417,195
Unrestricted	1,000,098
<i>Total Net Assets</i>	\$10,906,306

See Accompanying Notes to the Basic Financial Statements

Twin Valley Community Local School District

Statement of Activities - Modified Cash Basis

For the Fiscal Year Ended June 30, 2011

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants, Interest and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$4,388,685	\$187,947	\$47,014	(\$4,153,724)
Special	1,002,212	30,000	478,352	(493,860)
Vocational	200,945	335	14,151	(186,459)
Support Services:				
Pupils	600,804	0	46,492	(554,312)
Instructional Staff	358,342	0	18,765	(339,577)
Board of Education	56,065	0	0	(56,065)
Administration	956,740	0	49,898	(906,842)
Fiscal	197,632	0	0	(197,632)
Operation and Maintenance of Plant	944,633	0	0	(944,633)
Pupil Transportation	550,272	0	2,680	(547,592)
Central	99,752	0	5,000	(94,752)
Operation of Non-Instructional				
Services	459,863	253,358	190,365	(16,140)
Extracurricular Activities	334,936	169,984	0	(164,952)
Debt Service:				
Interest and Fiscal Charges	105,770	0	0	(105,770)
<i>Total Governmental Activities</i>	<u>\$10,256,651</u>	<u>\$641,624</u>	<u>\$852,717</u>	<u>(8,762,310)</u>
 General Receipts:				
Property Taxes Levied for:				
General Purposes				2,326,614
Debt Service				357,301
Other Purposes				37,998
Income Tax				718,893
Grants and Entitlements not Restricted to Specific Programs				4,581,841
Interest				10,236
Miscellaneous				66,827
<i>Total General Receipts</i>				<u>8,099,710</u>
<i>Change in Net Assets</i>				(662,600)
<i>Net Assets at Beginning of Year - Restate (See Note 19)</i>				<u>11,568,906</u>
<i>Net Assets at End of Year</i>				<u>\$10,906,306</u>

See Accompanying Notes to the Basic Financial Statements

Twin Valley Community Local School District
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2011

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,000,098	\$368,620	\$264,225	\$1,632,943
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	417,195	0	0	417,195
<i>Total Assets</i>	<u>\$1,417,293</u>	<u>\$368,620</u>	<u>\$264,225</u>	<u>\$2,050,138</u>
Fund Balances:				
Restricted	417,195	368,620	264,225	1,050,040
Assigned	49,968	0	0	49,968
Unassigned	950,130	0	0	950,130
<i>Total Fund Balances</i>	<u>\$1,417,293</u>	<u>\$368,620</u>	<u>\$264,225</u>	<u>\$2,050,138</u>

See Accompanying Notes to the Basic Financial Statements

Twin Valley Community Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities - Modified Cash Basis
 June 30, 2011*

Total Governmental Fund Balances \$2,050,138

*Amounts reported for governmental activities in the
 Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	336,998	
Land Improvements	398,702	
Buildings and Improvements	15,644,209	
Furniture, Fixtures, and Equipment	1,392,682	
Vehicles	531,652	
Accumulated Depreciation	(7,428,075)	
		10,876,168

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General Obligation Bonds Payable		(2,020,000)
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Net Assets of Governmental Activities \$10,906,306

See Accompanying Notes to the Basic Financial Statements

Twin Valley Community Local School District
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts:				
Property Taxes	\$2,326,614	\$357,301	\$37,998	\$2,721,913
Income Tax	718,893	0	0	718,893
Tuition and Fees	182,819	0	0	182,819
Extracurricular Activities	67,159	0	102,825	169,984
Interest	10,236	0	0	10,236
Intergovernmental	4,349,633	56,220	1,028,705	5,434,558
Charges for Services	0	0	253,358	253,358
Rent	35,463	0	0	35,463
Miscellaneous	66,827	0	0	66,827
<i>Total Receipts</i>	<u>7,757,644</u>	<u>413,521</u>	<u>1,422,886</u>	<u>9,594,051</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,942,510	0	54,865	3,997,375
Special	642,741	0	359,471	1,002,212
Vocational	199,297	0	0	199,297
Support Services:				
Pupils	286,754	0	314,050	600,804
Instructional Staff	334,495	0	23,073	357,568
Board of Education	56,065	0	0	56,065
Administration	865,100	10,524	81,116	956,740
Fiscal	197,632	0	0	197,632
Operation and Maintenance of Plant	814,968	0	145,915	960,883
Pupil Transportation	537,153	0	4,297	541,450
Central	93,955	0	5,000	98,955
Operation of Non-Instructional Services	0	0	455,036	455,036
Extracurricular Activities	228,755	0	98,442	327,197
Capital Outlay	3,991	0	0	3,991
Debt Service:				
Principal Retirement	0	260,000	0	260,000
Interest and Fiscal Charges	0	105,770	0	105,770
<i>Total Disbursements</i>	<u>8,203,416</u>	<u>376,294</u>	<u>1,541,265</u>	<u>10,120,975</u>
<i>Net Change in Fund Balances</i>	(445,772)	37,227	(118,379)	(526,924)
<i>Fund Balances at Beginning of Year - Restated (Note 19)</i>	<u>1,863,065</u>	<u>331,393</u>	<u>382,604</u>	<u>2,577,062</u>
<i>Fund Balances at End of Year</i>	<u>\$1,417,293</u>	<u>\$368,620</u>	<u>\$264,225</u>	<u>\$2,050,138</u>

See Accompanying Notes to the Basic Financial Statements

Twin Valley Community Local School District
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Fund Balances
of Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balances - Total Governmental Funds (\$526,924)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as disbursements. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation disbursement.

In the current period, these amounts are:

Capital Outlay	42,795	
Current Fiscal Year Depreciation Disbursement	(438,471)	
Excess of Depreciation Disbursement over Capital Outlay		(395,676)

Repayment of long-term obligation bonds is a disbursement in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current fiscal year, these amounts consist of:

General Obligation Bond Payments	260,000	
		260,000

Change in Net Assets of Governmental Activities (\$662,600)

See Accompanying Notes to the Basic Financial Statements

Twin Valley Community Local School District
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$2,280,100	\$2,326,614	\$2,326,614	\$0
Income Tax	701,765	718,893	718,893	0
Tuition and Fees	123,500	182,819	182,819	0
Extracurricular Activities	53,700	67,159	67,159	0
Interest	22,000	10,676	10,676	0
Intergovernmental	4,360,524	4,349,633	4,349,633	0
Rent	33,200	35,463	35,463	0
Miscellaneous	175,500	63,824	63,824	0
<i>Total Receipts</i>	<u>7,750,289</u>	<u>7,755,081</u>	<u>7,755,081</u>	<u>0</u>
Disbursements:				
Current:				
Instruction:				
Regular	3,890,980	3,790,085	3,790,084	1
Special	670,903	642,790	642,790	0
Vocational	161,818	210,477	210,477	0
Other	12,000	161,184	161,184	0
Support Services:				
Pupils	88,294	288,188	288,189	(1)
Instructional Staff	321,142	334,619	334,619	0
Board of Education	142,400	56,065	56,065	0
Administration	1,048,135	873,045	873,046	(1)
Fiscal	202,865	197,873	197,872	1
Operation and Maintenance of Plant	867,984	832,625	832,627	(2)
Pupil Transportation	495,534	540,041	540,041	0
Central	91,334	93,955	93,955	0
Extracurricular Activities	216,870	233,868	228,755	5,113
Capital Outlay	5,000	3,991	3,991	0
<i>Total Disbursements</i>	<u>8,215,259</u>	<u>8,258,806</u>	<u>8,253,695</u>	<u>5,111</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(464,970)	(503,725)	(498,614)	5,111
Other Financing Sources:				
Proceeds from Sale of Capital Assets	1,000	0	0	0
Refund of Prior Year Disbursements	10,000	4,157	4,157	0
Total Other Financing Sources	<u>11,000</u>	<u>4,157</u>	<u>4,157</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(453,970)	(499,568)	(494,457)	5,111
<i>Fund Balance at Beginning of Year</i>	1,811,131	1,811,131	1,811,131	0
<i>Prior Year Encumbrances Appropriated</i>	48,581	48,581	48,581	0
<i>Fund Balance at End of Year</i>	<u>\$1,405,742</u>	<u>\$1,360,144</u>	<u>\$1,365,255</u>	<u>\$5,111</u>

See Accompanying Notes to the Basic Financial Statements

Twin Valley Community Local School District
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$72,523	\$49,467
Liabilities:		
Undistributed Monies	0	\$370
Due to Students	0	49,097
Total Liabilities	0	\$49,467
Net Assets:		
Held in Trust for Scholarships	\$72,523	

See Accompanying Notes to the Basic Financial Statements
See Accountants' Compilation Report

Twin Valley Community Local School District
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
Additions:	
Interest	\$443
Contributions	1,800
<i>Total Additions</i>	2,243
 Deductions:	
Payments in Accordance with Trust Agreements	6,000
 <i>Change in Net Assets</i>	 (3,757)
 <i>Net Assets at Beginning of Year</i>	 76,280
 <i>Net Assets at End of Year</i>	 \$72,523

See Accompanying Notes to the Basic Financial Statements

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Twin Valley Community Local School District

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The West Alexandria School District was formed in the early 1800's. On December 30, 1963, the Preble County Board of Education consolidated all of the schools located in Lanier, Harrison, and Twin Townships as Twin Valley School District. On June 1, 1983, the Preble County Board of Education split the Twin Valley School District, resulting in the formation of the present Twin Valley Community Local School District.

Twin Valley Community 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 five-member Board form of government and provides educational services as mandated by State statute and federal guidelines. This Board of Education controls the School District's one instructional and administrative facility.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that 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 Twin Valley Community 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. The School District has no component units.

The School District participates in four jointly governed organizations and one shared risk pool. These organizations include the Southwest Ohio Computer Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Instructional Technology Association the Preble County Professional Development Consortium, and the Preble County Schools Regional Council of Governments, respectively. These organizations are presented in Notes 14 and 15 to the basic financial statements.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Section C of Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement 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 government-wide statements usually distinguish between those activities that are governmental and those that are considered business-type activities. The School District, however, has no activities which are reported as business-type. Governmental activities are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The Statement of Net Assets presents the cash balance, capital assets and debt 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support 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 modified cash basis or draws from the School District's general receipts.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 rather than reporting by type. 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 School District divides its funds 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 following are the School District's major governmental funds:

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

Bond Retirement Debt Service Fund – The Bond Retirement Debt Service Fund accounts for property tax receipts and State grants intended to offset tax exemptions to be used for the payment of general obligation bonded debt.

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

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's trust funds are private purpose trusts which account for college scholarship programs for students. The Student Managed Activities Agency Fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Basis of Accounting

The School District's financial statements are prepared using the modified cash basis of accounting. 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. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (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 disbursements for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Cash and Cash Equivalents

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

During fiscal year 2011, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$10,236, which includes \$3,075 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

E. Capital Assets and Depreciation

The School District's only capital assets are general capital assets associated with governmental activities. General capital assets usually result from disbursements in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	6-10 years

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributions, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for the purchase of textbooks and instructional materials.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Long-Term Obligations

Long-term obligations are reported in the government-wide financial statements. The School District reported a liability for general obligation bonds, which arose from cash transactions.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through 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 whose use is restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

I. 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.

J. Fund Balance

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion 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.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. Those 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 fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the 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 applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postemployment health care benefits.

L. Estimates

The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Budgetary Process

All funds, other than agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported in the final budgeted amounts column in the budgetary statements reflect the amounts in the certificate in effect at the time final appropriations were passed by the Board. Prior to fiscal year-end, the School District requested and received an amended certificate that matched final budgeted revenues to actual revenues for the fiscal year in the General Fund.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated receipts. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

NOTE 3 – FUND BALANCES

Fund balance is classified as restricted, 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 the government funds. The constraints placed on fund balance for the major governmental funds and other governmental funds are presented below:

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 3 – FUND BALANCES (continued)

Fund Balances	General	Bond Retirement	Other Governmental	Total
<i>Restricted for</i>				
Textbooks and Instructional Materials	374,485	0	0	374,485
Debt Service Payments	0	368,620	0	368,620
Classroom Facilities Maintenance	0	0	179,781	179,781
Athletic Services	0	0	26,025	26,025
Title I	0	0	23,664	23,664
Lunchroom Fund	0	0	13,970	13,970
Miscellaneous State Grants	0	0	4,916	4,916
Title VI-B	0	0	2,848	2,848
Title II-A Improving Teacher	0	0	904	904
Capital Improvements	42,710	0	1,680	44,390
<i>Total Restricted</i>	<u>417,195</u>	<u>368,620</u>	<u>253,788</u>	<u>1,039,603</u>
<i>Assigned to</i>				
Other Purposes	49,968	0	0	49,968
<i>Unassigned</i>	<u>960,567</u>	<u>0</u>	<u>0</u>	<u>960,567</u>
<i>Total Fund Balances</i>	<u><u>\$1,427,730</u></u>	<u><u>\$368,620</u></u>	<u><u>\$253,788</u></u>	<u><u>\$2,050,138</u></u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis).

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

<u>Net Change in Fund Balance</u>	
Modified Cash Basis	(\$435,335)
Unrecorded Cash - Fiscal Year 2011	(2,069)
Unrecorded Cash - Fiscal Year 2010	3,353
Adjustment for Encumbrances	<u>(49,969)</u>
Budget Basis	<u><u>(\$484,020)</u></u>

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies 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 notes, bills, bonds, 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 obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

8. Commercial paper and bankers acceptances if training requirements have been met.

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

Investments

As of June 30, 2011, the School District's only investment was in STAROhio.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	<u>\$225,126</u>	Average 58 Days

Interest Rate Risk

The School District's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

NOTE 6 - 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 collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

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

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 6 - PROPERTY TAXES (continued)

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

The School District receives property taxes from Darke and Preble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties 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.

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

	2010 Second-Half Collections		2011 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$101,801,920	92.96%	\$102,734,630	92.55%
Public Utility Personal	7,713,130	7.04%	8,267,450	7.45%
Total Assessed Value	<u>\$109,515,050</u>	<u>100.00%</u>	<u>\$111,002,080</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$44.28		\$44.28	

NOTE 7 - INCOME TAX

The School District levies a voted tax of 0.75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2003, and was renewed in May, 2009 for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 8 - CAPITAL ASSETS

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

	Restated Balance 6/30/10	Additions	Deductions	Balance 6/30/11
Governmental Activities				
Capital Assets, not Being Depreciated:				
Land	\$336,998	\$0	\$0	\$336,998
Capital Assets, Being Depreciated:				
Land Improvements	384,567	14,135	0	398,702
Buildings and Improvements	15,644,209	0	0	15,644,209
Furniture, Fixtures, and Equipment	1,388,722	3,960	0	1,392,682
Vehicles	542,832	24,700	(35,880)	531,652
Total Capital Assets, Being Depreciated	<u>\$17,960,330</u>	<u>\$42,795</u>	<u>(\$35,880)</u>	<u>\$17,967,245</u>
Less Accumulated Depreciation:				
Land Improvements	(221,562)	(17,208)	0	(238,770)
Buildings and Improvements	(5,203,393)	(344,856)	0	(5,548,249)
Furniture, Fixtures, and Equipment	(1,206,552)	(43,338)	0	(1,249,890)
Vehicles	(393,977)	(33,069)	35,880	(391,166)
Total Accumulated Depreciation	<u>(7,025,484)</u>	<u>(438,471) *</u>	<u>35,880</u>	<u>(7,428,075)</u>
Capital Assets, Being Depreciated, Net	<u>10,934,846</u>	<u>(395,676)</u>	<u>0</u>	<u>10,539,170</u>
Governmental Activities Capital Assets, Net	<u>\$11,271,844</u>	<u>(\$395,676)</u>	<u>\$0</u>	<u>\$10,876,168</u>

* Depreciation was charged to governmental functions as follows:

Instruction:	
Regular	\$387,319
Vocational	1,648
Support Services:	
Instructional Staff	774
Operation and Maintenance of Plant	1,845
Pupil Transportation	33,522
Central	797
Operation of Non-Instructional Services	4,827
Extracurricular Activities	7,739
Total Depreciation Disbursement	<u>\$438,471</u>

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted with Ohio Casualty Group for fleet insurance, school building and contents.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2011, the School District pays the State Worker's Compensation System a premium for employee injury coverage. The premium is based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. Comp Management, Inc. provides various services to the School District for workers' compensation.

C. Employee Medical Benefits

For fiscal year 2011, the School District participated in the Preble County Schools Regional Council of Governments (the "Council"), a shared risk pool consisting of five local school districts and an educational service center (See Note 14). The School District pays monthly premiums to the Council for employee medical benefits. The Council is responsible for the management and operations of the program. Upon withdrawal from the Council, a participant is responsible for the payment of all of the Council's liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension and death benefit 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 and death 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. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$125,077, \$134,476, and \$90,607, respectively; 100 percent has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

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

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

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. 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.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were fiscal years ended June 30, 2011, 2010, and 2009 were \$526,638, \$498,871, and \$477,190, respectively; 100 percent has been contributed for all three fiscal years. Contributions to the DC and Combined Plans for fiscal year 2011 were \$16,823 made by the School District and \$23,553 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by 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 SERS at 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 year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$35,879, \$20,730, and \$56,530, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$8,049, \$7,997, and \$7,476, respectively; 100 percent has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$40,511, \$38,375, and \$36,707, respectively; 100 percent has been contributed for all three fiscal years.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 12 – OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Unused vacation cannot be carried forward to the succeeding fiscal year. Teachers do not earn vacation time. 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 five days for classified employees and certified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of fifty-one and a fourth days for classified employees. For certified employees, they are entitled to the amount of unused sick days multiplied by their daily rate then by .25. Certified employees retiring at the completion of the school year when first eligible for retirement and who notify the Superintendent by March 15 of their plan to retire will receive an additional amount of \$6,000 and unused sick days shall be multiplied by their daily rate then by .35.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2011 were as follows:

	Principal Outstanding 6/30/10	Additions	Deductions	Principal Outstanding 6/30/11	Amounts Due in One Year
<u>Governmental Activities</u>					
School Improvement General Obligation Bonds 1994 - 6.30%	\$545,000	\$0	\$260,000	\$285,000	\$285,000
School Improvement General Obligation Refunding Bonds 2007 - 4.25 - 4.50%	1,735,000	0	0	1,735,000	0
Total Long-Term Liabilities	<u>\$2,280,000</u>	<u>\$0</u>	<u>\$260,000</u>	<u>\$2,020,000</u>	<u>\$285,000</u>

Twin Valley Community Schools School Improvement General Obligation Bonds

On July 1, 1994, Twin Valley Community Local School District issued \$4,285,000 in voted general obligation bonds for the purpose of the acquisition, construction, reconstruction and other improvements to the school building. The bonds were issued for a 23 year period with final maturity on June 1, 2017. \$1,940,000 of the bonds were advance refunded during fiscal year 2007, and the new final maturity is June 1, 2012. The debt will be retired from the Bond Retirement Debt Service Fund.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

Twin Valley Community Schools School Improvement General Obligation Refunding Bonds

The 2007 Refunding Bonds were issued September 25, 2006, for the purpose of advance refunding \$1,940,000 of the \$3,115,000 outstanding school improvement general obligation bonds. The bonds will reach final maturity on December 1, 2016 and are being paid from the Bond Retirement Debt Service Fund. As a result, \$1,940,000 of the 1994 bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. As of June 30, 2011, \$1,035,000 of the defeased School Improvement Bonds were unmatured and unpaid.

The School District's overall legal debt margin was \$8,338,807, with an unvoted debt margin of \$111,002 at June 30, 2011.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2011, are as follows:

Fiscal Year Ending June 30,	1994 School Improvement Bond		
	Principal	Interest	Total
2012	\$285,000	\$10,046	\$295,046

Fiscal Year Ending June 30,	2007 School Improvement Refunding Bonds		
	Principal	Interest	Total
2012	\$0	\$0	\$0
2013	300,000	70,137	370,137
2014	325,000	56,856	381,856
2015	345,000	42,188	387,188
2016	375,000	25,988	400,988
2017	390,000	8,775	398,775
<u>Total</u>	<u>\$1,735,000</u>	<u>\$203,944</u>	<u>\$1,938,944</u>

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Southwest Ohio Computer Association

The School District is a participant in the Southwest Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble 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 school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The School District paid SWOCA \$40,438 for services provided during the fiscal year. Financial information can be obtained from K. Michael Crumley, Executive Director of SWOCA, at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

B. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts and educational service centers in 12 counties. The purpose of the SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the General Fund. During fiscal year 2011, the School District paid \$115,294 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

C. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2011, the School District paid \$8,241 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

D. Preble County Professional Development Consortium

The School District is a participant in the Preble County Professional Development Consortium (PCPDC). PCPDC is an association of public school districts within the boundaries of Preble County. The organization was formed to improve staff development and instructional functions by making optimum use of public funds through cooperation of member public school districts. The governing board of PCPDC consists of one representative from each district plus one representative from the fiscal agent. The School District paid PCPDC \$2,126 for services provided during the fiscal year. Financial information can be obtained from Terri Freeman, Treasurer, Preble County Educational Service Center, 597 Hillcrest Drive, Eaton, Ohio 45320 or email at pbbo_tf@swoca.net.

NOTE 15 - SHARED RISK POOL

Preble County Schools Regional Council of Governments

The Preble County Schools Regional Council of Governments (the “Council”), a shared risk pool, was formed by five local school districts and the Preble County Educational Service Center for the purpose of achieving lower rates for medical insurance. The Council is governed by an advisory committee consisting of each member’s superintendent or designee from each participating school district. Premiums are paid on a monthly basis to the Council and their designated insurance company. The Council is responsible for the operation and maintenance of the program. If the premiums are insufficient to pay the program costs for the fiscal year, the Council may assess additional charges to all participants. The Preble County Educational Service Center serves as coordinator of the Council. Financial information can be obtained from Teresa Freeman, who serves as Treasurer, at 597 Hillcrest Drive, Eaton, Ohio 45320.

NOTE 16 - SET-ASIDE CALCULATIONS

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 instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 16 - SET-ASIDE CALCULATIONS (continued)

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

	Textbooks and Instructional Materials	Capital Improvements
Set-aside Restricted Balance as of June 30, 2010	\$300,960	\$0
Current Fiscal Year Set-aside Requirement	141,905	141,905
Qualifying Disbursements	(68,380)	(61,197)
Current Fiscal Year Offsets	0	(37,998)
Totals	<u>\$374,485</u>	<u>\$42,710</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$374,485</u>	<u>\$42,710</u>
Set-aside Restricted Balance as of June 30, 2011	<u>\$374,485</u>	<u>\$42,710</u>

NOTE 17 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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.

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 18 - COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District

NOTE 19 – RESTATEMENT OF PRIOR YEAR FUNC BALANCES/NET ASSETS

A. Changes in Accounting Principles

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

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

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total</u>
Fund Balance at June 30, 2010	\$1,823,221	\$331,393	\$422,448	\$2,577,062
Change in Fund Structure	39,844	0	(39,844)	0
Adjusted Fund Balance at June 30, 2010	<u>\$1,863,065</u>	<u>\$331,393</u>	<u>\$382,604</u>	<u>\$2,577,062</u>

Twin Valley Community Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 19 – RESTATEMENT OF PRIOR YEAR NET ASSETS (continued)

B. Restatement of Prior Year’s Fund Balance/Net Assets

Capital assets at June 30, 2010 were restated due to a system error that occurred during fiscal year 2010. This restatement had the following effect on net assets at June 30, 2010, as previously reported:

	<u>Governmental Activities</u>
Net Assets, June 30, 2010, as previously reported	\$11,132,030
Depreciable Capital Assets, Net	436,876
Net Assets, June 30, 2010, as restated	<u><u>\$11,568,906</u></u>

NOTE 20 – CONTRACTUAL COMMITMENTS

The following table provides a summary of the outstanding contractual commitment for various projects as of June 30, 2011.

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
Jim Robbins Home Improvement	\$18,486	\$0	\$18,486

NOTE 21 – SUBSEQUENT EVENTS

The School District’s 75% income tax levy renewal was approved on the November, 2011 ballot and will be effective January 1, 2013 through December 31, 2017.

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	2011	10.555		\$24,388		\$24,388
Cash Assistance:						
National School Breakfast Program	2011	10.553	\$43,806		\$43,806	
National School Lunch Program	2011	10.555	141,335		141,335	
Total Child Nutrition Cluster			185,141	24,388	185,141	24,388
Total U.S. Department of Agriculture			185,141	24,388	185,141	24,388
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	2011	84.027	191,673		191,673	
ARRA - Special Education - Grants to States	2011	84.391	50,448		130,998	
	2010	84.391	-		9,489	
	2010	84.391	(34,943)			
Total Special Education Grants to States			207,178		332,160	
Special Education - Preschool Grants	2011	84.173	1,137		1,137	
ARRA - Special Education - Preschool Grants	2011	84.392	2,767		2,767	
Total Special Education Preschool Grants			3,904		3,904	
Total Special Education Cluster			211,082		336,064	
Title I Grants to Local Educational Agencies	2011	84.010	155,568		138,612	
	2010	84.010	-		12,063	
ARRA - Title I Grants to Local Educational Agenc	2011	84.389	25,579		5,895	
	2010	84.389	(12,028)		32,423	
Total Title I Grants to Local Educational Agencies			169,119		188,993	
Education Technology State Grants	2011	84.318	521		521	
Improving Teacher Quality State Grants	2011	84.367	53,433		52,528	
ARRA - State Fiscal Stabilization Fund (SFSF) -	2011	84.394	339,628		339,628	
Total U.S. Department of Education			773,783	-	917,734	-
TOTAL FEDERAL ASSISTANCE			\$958,924	\$24,388	\$1,102,875	\$24,388

The accompanying notes to this schedule are an integral part of this schedule.

**TWIN VALLEY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Twin Valley Local School District (the District) 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 entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
ARRA – Title I Grants to Local Educational Agencies	84.389	\$25,579
ARRA – Special Education – Grants to States	84.391	34,943



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*

Twin Valley Community Local School District
Preble County
100 Education Drive
West Alexandria, Ohio 45381

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 Twin Valley Community Local School District, Preble 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 14, 2012 wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles and the District adopted GASB 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2011-01 through 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 14, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

March 14, 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

Twin Valley Community Local School District
Preble County
100 Education Drive
West Alexandria, Ohio 45381

To the Board of Education:

Compliance

We have audited the compliance of Twin Valley Community Local School District, Preble 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 Twin Valley Community Local School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs 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 opine 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*. These 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 these 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 these requirements.

In our opinion, Twin Valley Community Local School District 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 2011-03.

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 the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2011-03. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's response to the finding we identified is described in the accompanying schedule of findings and questioned costs. 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 the audit committee, management, Board of Education others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 14, 2012

**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	State Fiscal Stabilization Fund, CFDA # 84.394 Special Education Cluster: Special Education-Grants to States, CFDA # 84.027, 84.391; Special Education-Preschool Grant, CFDA # 84.173, 84.392
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2011-01

Finding for Recovery – Overpayment to Michael Dixon

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

On July 30, 2010 the District issued check #625452 to Michael J. Dixon, Former Superintendent, for \$214.50 for a mileage reimbursement. Mr. Dixon's contract states he can be reimbursed mileage for attending meetings at non-school locations. The District reimbursed Mr. Dixon for \$113 (226 miles multiplied by \$.50) to attend a Special Board meeting at the District from his residence. The check was signed by the District's Interim Treasurer, Teresa Freeman.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Michael Dixon, Former Superintendent and his bonding company, in the amount of \$113 in favor of Twin Valley Community Local School District's General Fund.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Teresa Freeman, Treasurer Consultant, signed the check issued to Michael J. Dixon. Therefore, Teresa Freeman and her bonding company, Cincinnati Insurance Company, are jointly and severally liable for approving the payment, in the amount of \$113 in favor of the Twin Valley Community Local School District General Fund to the extent that recovery is not obtained from Michael J. Dixon.

Official's Response:

A procedure has been implemented where the Treasurer reviews mileage reimbursement forms before a reimbursement check is issued.

FINDING NUMBER 2011-02

Noncompliance Citation

Ohio Revised Code, § 117.38, provides, in part, 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 further clarifies the requirements of Ohio Revised Code 117.38.

Ohio Administrative Code, §117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosure that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

Official's Response:

The District chooses to complete the annual financial report on a modified cash basis based on the needs for the District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Noncompliance Citation / Questioned Cost / Significant Deficiency – Period of Availability

Finding Number	2011-03
CFDA Title and Number	Special Education IDEA Part B CFDA #84.027
Federal Award Number / Year	2011
Federal Agency	US Department of Education
Pass-Through Agency	Ohio Department of Education

2 C.F.R. Part 215.28 states where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award cost authorized by the Federal awarding agency. The District refunded the Special Education Fund from the General Fund one month of expenditures totaling \$10,437 for the Preble County Educational Service Center's Contract – Emotional Disturbance Program that were charged prior to the Substantially Approved Date of September 23, 2010. Therefore, we are issuing federal questioned costs in the amount of \$10,437. Failure to comply with grant requirements resulted in questioned costs and potential loss of federal financial assistance. We recommend the District develop and maintain effective controls and documentation over all grant requirements.

Official's Response:

A procedure has been implemented where the Treasurer ensures Federal grants are substantially approved on July 1st.

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**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Rev. Code § 117.38, Ohio Admin. Code § 117-2-03(B), failure to report in accordance with generally accepted accounting principles.	No	Not corrected – Re-issued as Finding 2011-01.
2010-002	2 C.F.R Part 22 and 34 C.F.R 80.43(a), failure to provide adequate document to determine cost is allowable	Yes	
2010-003	34 C.F.R 80.21, failure to minimize the time elapsed between the project receipt and disbursement	Yes	

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**TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-003	A procedure has been implemented where the Treasurer ensures Federal grants are substantially approved on July 1 st .	3/13/2012	Treasurer

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Twin Valley Community Local School District
Preble County
100 Education Drive
West Alexandria, Ohio 45381

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

1. We noted the Board amended its anti-harassment policy at its meeting on January 13, 2011 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 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 14, 2012



Dave Yost • Auditor of State

TWIN VALLEY COMMUNITY LOCAL SCHOOL DISTRICT

PREBLE 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 29, 2012**