



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike-Delta-York Local School District, Fulton County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pike-Delta-York Local School District, Fulton County, Ohio, as of June 30, 2009, and the respective changes in financial position, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipt and Expenditure to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

January 28, 2010

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of Pike-Delta-York Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2009 are as follows:

In total, net assets increased \$14,644,981, or doubled, from the prior fiscal year. This is due to the School District starting a building project with the Ohio School Facilities Commission and issuing bonds to fund the local share of the project. A substantial portion of these bonds were not spent as of fiscal year end.

General revenues accounted for over 91 percent of total revenues and reflect the School District's significant dependence on property taxes and unrestricted state entitlements.

Since fiscal year 1997, the School District has received payments in lieu of taxes related to tax abatement agreements with several companies that had moved into the School District. The amounts received by the School District were in excess of \$1 million for several years and were based on the value of each company's tangible personal property that is located within the School District. Over time, these values have decreased due to depreciation on the assets; therefore, payments were anticipated to decrease over time. In fiscal year 2009, this amount decreased due to the expiration of two large agreements and has a significant impact on the revenues for the School District.

The School District received over half of the General Fund receipts from the State foundation program in fiscal year 2009. The main component of the State foundation allocation is based on the average daily membership (ADM) of students enrolled during the first week of October and one week in February. For the past several years, the School District's enrollment has been declining. However, the overall State foundation payment remained steady due to the "guarantees" granted by the State biennium budget. The "guarantee" amount is calculated so the School District will not receive any less in foundation payments in fiscal year 2009 than it did in fiscal year 2008. For fiscal year 2009, this amounted to over \$1,491,000 in additional funding beyond what the funding formula would provide.

The School District is part of the Northern Buckeye Educational Council (NBEC) Employee Insurance Benefits Program with member school districts located primarily in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. As with many health insurance plans, the School District's per policy health insurance premiums increased by double digit percentages for several years creating the need to change plans in order to maintain a reasonable increase in premiums. During fiscal year 2009, the NBEC granted a one month holiday premium for all insurance programs. This resulted in a savings to the School District of over \$125,000.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Pike-Delta-York Local School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

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

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

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

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

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

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2009 and fiscal year 2008.

	Table 1 Net Assets		
	Governmental Activities		
	2009	2008 Restated	Change
<u>Assets:</u>			
Current and Other Assets	\$35,911,472	\$13,023,184	\$22,888,288
Capital Assets, Net	17,303,661	16,962,243	341,418
Total Assets	53,215,133	29,985,427	23,229,706
<u>Liabilities:</u>			
Current and Other Liabilities	5,607,004	6,802,694	(1,195,690)
Long-Term Liabilities	18,455,550	8,675,135	9,780,415
Total Liabilities	24,062,554	15,477,829	8,584,725
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	11,520,174	10,441,343	1,078,831
Restricted	15,910,774	992,945	14,917,829
Unrestricted	1,721,631	3,073,310	(1,351,679)
Total Net Assets	\$29,152,579	\$14,507,598	\$14,644,981

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

A review of the above table reveals several significant changes from fiscal year 2008. Current and other assets increased over \$23 million from two primary factors. Cash and cash equivalents increased over \$12 million. During fiscal year 2009, the School District issued general obligation bonds for the local share of the construction of a new Pre-K through Grade 4 building, as well as for renovations to the middle school and high school buildings. In addition, this project is being partially funded through the Ohio School Facilities Commission. As a result, intergovernmental receivables increased over \$11 million from the prior fiscal year. The effect of these increases is also reflected in the increase in long-term liabilities and restricted net assets. Another significant change to current and other assets was a decrease in the receivable for property taxes. This decrease is due, in part, to the State's elimination of tangible personal property taxes. A corresponding decrease is reflected in current and other liabilities for the deferred portion of the receivable.

Table 2 reflects the change in net assets for fiscal year 2009 and fiscal year 2008.

Table 2
Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008 Restated	Change
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$1,179,773	\$1,081,597	\$98,176
Operating Grants, Contributions, and Interest	1,342,007	1,437,193	(95,186)
Capital Grants and Contributions	17,328	15,924	1,404
Total Program Revenues	<u>2,539,108</u>	<u>2,534,714</u>	<u>4,394</u>
General Revenues			
Property Taxes Levied for General Purposes	3,342,056	5,919,511	(2,577,455)
Property Taxes Levied for Debt Service	1,040,474	1,049,307	(8,833)
Property Taxes Levied for Maintenance	40,338		40,338
Grants and Entitlements	22,682,579	7,010,380	15,672,199
Interest	312,624	305,020	7,604
Gifts and Donations		658	(658)
Miscellaneous	105,279	174,322	(69,043)
Total General Revenues	<u>27,523,350</u>	<u>14,459,198</u>	<u>13,064,152</u>
Total Revenues	<u>30,062,458</u>	<u>16,993,912</u>	<u>13,068,546</u>

(continued)

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2
Change in Net Assets
(continued)

	Governmental Activities 2009	Governmental Activities 2008 Restated	Change
<u>Expenses</u>			
Instruction:			
Regular	\$6,485,292	\$6,928,700	\$443,408
Special	1,765,260	1,612,088	(153,172)
Vocational	140,694	132,592	(8,102)
Support Services:			
Pupils	671,862	647,727	(24,135)
Instructional Staff	709,290	710,754	1,464
Board of Education	23,697	29,185	5,488
Administration	1,006,309	1,057,608	51,299
Fiscal	373,581	413,143	39,562
Business	48,193	10,726	(37,467)
Operation and Maintenance of Plant	1,478,719	1,476,770	(1,949)
Pupil Transportation	893,072	891,129	(1,943)
Central	78,174	82,802	4,628
Non-Instructional Services	537,171	549,645	12,474
Extracurricular Activities	608,210	687,166	78,956
Interest and Fiscal Charges	597,953	389,170	(208,783)
Total Expenses	<u>15,417,477</u>	<u>15,619,205</u>	<u>201,728</u>
Increase in Net Assets	14,644,981	1,374,707	13,270,274
Net Assets at Beginning of Year	14,507,598	13,132,891	1,374,707
Net Assets at End of Year	<u>\$29,152,579</u>	<u>\$14,507,598</u>	<u>\$14,644,981</u>

In total, program revenues remained very similar to the prior fiscal year with a change of less than 1 percent. Program revenues primarily consist of restricted intergovernmental revenues, charges for tuition and fees for extracurricular activities, and food service sales. General revenues increased 90 percent from the prior fiscal year and are generally attributable to resources from the Ohio School Facilities Commission for the State's share of building construction and renovation. However, also note the decrease in property taxes due to the State's elimination of tangible personal property taxes.

Program expenses also remained very similar to the prior fiscal year with a decrease of 1 percent. The major program expense for governmental activities continues to be for instruction, which accounts for 54 percent of all governmental expenses. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 15 percent of governmental expenses. Maintenance of the School District's facilities also represents a significant expense, over 9 percent. Therefore, 78 percent of the School District's expenses are related directly to providing facilities and delivering education.

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

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$6,485,292	\$6,928,700	\$5,790,550	\$6,260,697
Special	1,765,260	1,612,088	767,264	561,776
Vocational	140,694	132,592	116,354	109,241
Support Services:				
Pupils	671,862	647,727	662,482	637,529
Instructional Staff	709,290	710,754	709,290	710,754
Board of Education	23,697	29,185	23,697	29,185
Administration	1,006,309	1,057,608	1,006,309	1,057,608
Fiscal	373,581	413,143	373,581	413,143
Business	48,193	10,726	48,193	10,726
Operation and Maintenance of Plant	1,478,719	1,476,770	1,478,719	1,476,770
Pupil Transportation	893,072	891,129	844,782	854,856
Central	78,174	82,802	69,174	70,802
Non-Instructional Services	537,171	549,645	1,035	56,483
Extracurricular Activities	608,210	687,166	388,986	445,751
Interest and Fiscal Charges	597,953	389,170	597,953	389,170
Total Expenses	<u>\$15,417,477</u>	<u>\$15,619,205</u>	<u>\$12,878,369</u>	<u>\$13,084,491</u>

The above table demonstrates that both the total cost and net cost of services has changed little from fiscal year 2008 and the dependence on tax revenues and unrestricted state entitlements is considerable with 84 percent of all program costs supported by these revenue sources. Almost 80 percent of instruction activities are supported through taxes and other general revenues. Several programs, however, receive substantial support through program revenues. Approximately 57 percent of special instruction costs are provided for through programs revenues. This is the result of various grants restricted for special instruction purposes. Almost all of the non-instructional services costs were covered by program revenues. This is primarily due to cafeteria sales, state and federal subsidies, and donated commodities for food service operations. Approximately 36 percent of extracurricular activities expenses are covered by program revenues. These program revenues are the result of music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund had a 26 percent decrease in its fund balance for fiscal year 2009. Revenues decreased over \$2.7 million, primarily due to the decrease in property taxes resulting from the Stat's elimination of tangible personal property taxes. There was also a decrease in payment in lieu of taxes revenue due to the expiration of agreements. Expenditures decreased 3 percent from the prior fiscal year.

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The Building and Ohio School Facilities Commission capital projects funds are new funds due to the school building project. The Building Fund issued general obligation bonds for a portion of the local share of funding for this project. The Ohio School Facilities Commission Fund also issued general obligation bonds for a portion of the local share of funding for this project and received resources from the Ohio School Facilities Commission for the State's share of construction purposes.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During fiscal year 2009, the School District amended its General Fund budget as needed.

For both revenues and expenditures, there was no change from the original budget to the final budget. Changes from the final budget to actual revenues were not significant. Changes from the final budget to actual expenditures decreased of over \$1.7 million. The largest decrease is reflected in the regular instruction program and due to lingering negotiations with the Pike-Delta-York Education Association, conservative budgeting, and reduced personnel levels due to retirements and staff turnover prior to the start of the 2008-2009 school year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$17,303,661 invested in capital assets (net of accumulated depreciation), a change of 2 percent. The most significant addition was construction in progress related to the building construction and renovation project. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Debt

The School District's outstanding debt at fiscal year end consisted of general obligation bonds, in the amount of \$17,440,465. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Current Issues

The State Foundation funding formula is based on the number of students residing within the School District boundaries attending public or community schools. The School District has been experiencing a decline in enrollment over the past several years. From fiscal year 2008 to fiscal year 2009, the School District had a decline of over thirty-five students in the funding formula. This did not have a financial impact on the School District in fiscal year 2009 due to the funding "guarantee" provided by the State biennium budget. Open enrollment students coming into the School District have not made up for the number of students leaving. In the 2008/2009 school year, the open enrollment gap was closing with the difference being approximately eleven students. As decisions about staffing levels and building assignments are considered, the declining student enrollment within the School District and strategies for retaining open enrollment students will continue to be evaluated.

During negotiations with both unions in the spring of 2009, the employees agreed to move to a new health insurance plan within the NBEC Insurance Benefits Program with a monthly premium 22 percent less than paid for the previous year. The union employees moved to this plan on August 1, 2009. The increase or decrease in premiums paid is tied to the usage of all NBEC health insurance plans. The low administration costs means that as usage changes, the premiums needed to cover the payments for medical services will also change accordingly.

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Based on House Bill 66, the State's biennium budget bill for fiscal years 2006 and 2007, the tangible personal property tax began a four-year phase out effective for tax year 2006. School districts have been promised full replacement of this lost tax for five years via the school funding formula and direct payments from the State (excluding the inventory taxes that were already scheduled to be eliminated and the first half-mill on bond and emergency levies). Pike-Delta-York Local School District received the final tangible personal property tax settlement in November 2008. Direct payments received by the School District have been as anticipated due to the guarantees within the State funding formula.

In the mid-1990's, Fulton County entered into agreements with several companies located within the School District's boundaries. The agreements also required approval by the School District. These agreements were in conjunction with the companies receiving 100 percent tax abatement on tangible personal property for ten years and, for some businesses, on real estate for fifteen years. During the life of these tax abatement agreements, the assessed valuation of the real estate and tangible personal property is not included on the tax duplicate valuation. The first of these collections was received in October 1997.

The first of our agreements expired during the four-year phase out of tangible personal property taxes. The School District received the tangible personal property tax settlement from the Fulton County Auditor in October 2007 that included the taxes paid by this company at the reduced assessment rates of 12.5 percent for tax year 2007. The School District received the final tangible personal property tax settlement from this same company based on the reduced assessment rate of 6.25 percent for tax year 2008. With the November 2008 tangible personal property tax settlement, the School District received the second company's taxes since their tax abatement agreement expired the previous year.

With this large increase in assessed valuation for tax year 2007, the funding through the Foundation Program put more reliance on the transitional aid guarantee for fiscal year 2009. Even though Parity Aid funding decreased by \$100,000, the transitional aid increased by over \$625,000 for fiscal year 2009.

In July 2009, the State of Ohio's budget for fiscal years 2010 and 2011 (HB1) changed the way school districts are funded. The Evidence Based Funding Model (EBM) funds schools much differently than the previous building block system by using the number of students per educational building to calculate the amount of funding for different components of operating a school district. HB1 created the Pathway to **Student Success** (PASS) form to show the funding information for the components of the EBM. The PASS form will be used for making the bi-monthly state payments starting in October 2009 and will utilize the School District's enrollment as of October 2008.

In spring 2006, the School District was visited by representatives from Ohio School Facilities Commission to discuss the possibilities that would be available through the Classroom Facilities Assistance Program. Since that time, the School District identified an architecture firm to work with to develop the School District's Master Plan. The Master Plan developed with community input includes renovations to the High School building (keeping it a facility for grades 9 through 12), renovations to the Middle School building to accommodate grades 5 through 8, the abandonment of the Delta Elementary School and York Elementary School buildings and the construction of a new elementary building next to the Middle School to accommodate preschoolers through grade 4. This Master Plan will also include several locally funded projects to supplement the overall project. The Board of Education proceeded with all of the necessary resolutions to accept the OSFC project and succeeded in getting voter approval for a \$10 million bond issue at the August 2008 election. OSFC funding for over \$15.5 million of the total \$25.5 million project is proceeding. The School District sold \$5.8 million of bonds in December 2008 and the remaining \$4.1 million sold in January 2009. Construction on the new elementary building began in October 2009 with the completion anticipated in December 2010. The renovations to the high school building are scheduled to begin in June 2010 with the project completed by December 2011.

Pike-Delta-York Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
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 reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joyce Kinsman, CFO/Treasurer, Pike-Delta-York Local School District, 504 Fernwood Street, Delta, Ohio 43515-1262.

Pike-Delta-York Local School District
Statement of Net Assets
June 30, 2009

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$18,866,063
Accounts Receivable	26,791
Accrued Interest Receivable	63,051
Intergovernmental Receivable	12,585,182
Prepaid Items	13,180
Inventory Held for Resale	14,032
Materials and Supplies Inventory	10,440
Property Taxes Receivable	4,046,792
Payments in Lieu of Taxes Receivable	27,127
Unamortized Issuance Costs	258,814
Nondepreciable Capital Assets	1,760,302
Depreciable Capital Assets, Net	15,543,359
Total Assets	53,215,133
 <u>Liabilities:</u>	
Accounts Payable	37,504
Contracts Payable	102,409
Accrued Wages and Benefits Payable	1,379,950
Intergovernmental Payable	336,623
Matured Compensated Absences Payable	7,936
Deferred Revenue	3,650,670
Accrued Interest Payable	91,912
Long-Term Liabilities:	
Due Within One Year	778,064
Due in More Than One Year	17,677,486
Total Liabilities	24,062,554
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	11,520,174
Restricted For:	
Capital Projects	14,865,199
Debt Service	857,310
Other Purposes	188,265
Unrestricted	1,721,631
Total Net Assets	\$29,152,579

See Accompanying Notes to the Basic Financial Statements

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Pike-Delta-York Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$6,485,292	\$612,682	\$82,060	
Special	1,765,260	82,508	915,488	
Vocational	140,694		24,340	
Support Services:				
Pupils	671,862		9,380	
Instructional Staff	709,290			
Board of Education	23,697			
Administration	1,006,309			
Fiscal	373,581			
Business	48,193			
Operation and Maintenance of Plant	1,478,719			
Pupil Transportation	893,072	16,009	14,953	\$17,328
Central	78,174		9,000	
Non-Instructional Services	537,171	277,951	258,185	
Extracurricular Activities	608,210	190,623	28,601	
Interest and Fiscal Charges	597,953			
Total Governmental Activities	<u>\$15,417,477</u>	<u>\$1,179,773</u>	<u>\$1,342,007</u>	<u>\$17,328</u>

General Revenues:

Property Taxes Levied for General Purposes
Property Taxes Levied for Debt Service
Property Taxes Levied for Maintenance
Grants and Entitlements not Restricted to Specific Programs
Interest
Miscellaneous
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year - Restated (Note 3)
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental
Activities

(\$5,790,550)
(767,264)
(116,354)

(662,482)
(709,290)
(23,697)
(1,006,309)
(373,581)
(48,193)
(1,478,719)
(844,782)
(69,174)
(1,035)
(388,986)
(597,953)

(12,878,369)

3,342,056
1,040,474
40,338
22,682,579
312,624
105,279

27,523,350

14,644,981

14,507,598

\$29,152,579

Pike-Delta-York Local School District
Balance Sheet
Governmental Funds
June 30, 2009

	General	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$4,472,076	\$4,022,870	\$8,243,810	\$2,101,300	\$18,840,056
Accounts Receivable	26,791				26,791
Accrued Interest Receivable	31,754	18,150	13,147		63,051
Intergovernmental Receivable	5,626		12,537,425	42,131	12,585,182
Prepaid Items	12,468			712	13,180
Inventory Held for Resale				14,032	14,032
Materials and Supplies Inventory	8,881			1,559	10,440
<u>Restricted Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	26,007				26,007
Property Taxes Receivable	2,917,744			1,129,048	4,046,792
Payment in Lieu of Taxes Receivable	27,127				27,127
Total Assets	\$7,528,474	\$4,041,020	\$20,794,382	\$3,288,782	\$35,652,658
<u>Liabilities and Fund Balances:</u>					
<u>Liabilities</u>					
Accounts Payable	\$32,600		\$1,452	\$3,452	\$37,504
Contracts Payable		\$21,152	81,257		102,409
Accrued Wages and Benefits Payable	1,302,460			77,490	1,379,950
Intergovernmental Payable	307,352			29,271	336,623
Matured Compensated Absences Payable	7,936				7,936
Deferred Revenue	2,803,855	14,656	12,550,572	1,044,307	16,413,390
Total Liabilities	4,454,203	35,808	12,633,281	1,154,520	18,277,812
<u>Fund Balances:</u>					
Reserved for Property Taxes	196,071			94,949	291,020
Reserved for Bus Purchase	26,007				26,007
Reserved for Encumbrances	95,775	85,752	775,012	16,493	973,032
<u>Unreserved, Reported in:</u>					
General Fund	2,756,418				2,756,418
Special Revenue Funds				125,893	125,893
Debt Service Fund				1,165,792	1,165,792
Capital Projects Funds		3,919,460	7,386,089	731,135	12,036,684
Total Fund Balances	3,074,271	4,005,212	8,161,101	2,134,262	17,374,846
Total Liabilities and Fund Balances	\$7,528,474	\$4,041,020	\$20,794,382	\$3,288,782	\$35,652,658

See Accompanying Notes to the Basic Financial Statements

Pike-Delta-York Local School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2009

Total Governmental Fund Balances \$17,374,846

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 17,303,661

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	23,301	
Accrued Interest Receivable	59,557	
Intergovernmental Receivable	12,547,633	
Property Taxes Receivable	105,102	
Payment in Lieu of Taxes Receivable	27,127	12,762,720

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 258,814

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(91,912)	
General Obligation Bonds Payable	(17,440,465)	
Compensated Absences Payable	(1,015,085)	(18,547,462)

Net Assets of Governmental Activities \$29,152,579

See Accompanying Notes to the Basic Financial Statements

Pike-Delta-York Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Building	Ohio School Facilities Commission	Other Governmental	Total Governmental Funds
Revenues:					
Property Taxes	\$3,334,791			\$1,061,251	\$4,396,042
Payment in Lieu of Taxes	103,030				103,030
Intergovernmental	7,508,039		\$2,900,000	1,065,120	11,473,159
Interest	242,525	\$10,543	33,749	207	287,024
Tuition and Fees	691,596				691,596
Extracurricular Activities	4,571			185,276	189,847
Charges for Services				277,207	277,207
Gifts and Donations				28,601	28,601
Miscellaneous	90,748			34,033	124,781
Total Revenues	11,975,300	10,543	2,933,749	2,651,695	17,571,287
Expenditures:					
Current:					
Instruction:					
Regular	6,333,306			69,009	6,402,315
Special	1,275,508			466,671	1,742,179
Vocational	126,674				126,674
Support Services:					
Pupils	638,575			7,579	646,154
Instructional Staff	686,626			7,755	694,381
Board of Education	23,697				23,697
Administration	941,489			28,420	969,909
Fiscal	341,866			29,185	371,051
Business	48,193				48,193
Operation and Maintenance of Plant	1,443,921				1,443,921
Pupil Transportation	775,916				775,916
Central	69,174			9,000	78,174
Non-Instructional Services	3,001			516,385	519,386
Extracurricular Activities	340,030			197,131	537,161
Capital Outlay		154,806	635,127	4	789,937
Debt Service:					
Principal Retirement				545,000	545,000
Interest and Fiscal Charges				356,926	356,926
Issuance Costs		61,952	93,274		155,226
Total Expenditures	13,047,976	216,758	728,401	2,233,065	16,226,200
Excess of Revenues Over (Under) Expenditures	(1,072,676)	(206,215)	2,205,348	418,630	1,345,087
Other Financing Sources (Uses):					
Sale of Capital Assets	2,100				2,100
General Obligation Bonds Issued		4,146,189	5,853,808		9,999,997
Premium on Bonds Issued		116,221	221,614		337,835
Discount on Bonds Issued		(50,983)	(119,669)		(170,652)
Transfers In				20,000	20,000
Transfers Out	(20,000)				(20,000)
Total Other Financing Sources (Uses)	(17,900)	4,211,427	5,955,753	20,000	10,169,280
Changes in Fund Balances	(1,090,576)	4,005,212	8,161,101	438,630	11,514,367
Fund Balances at Beginning of Year	4,164,847			1,695,632	5,860,479
Fund Balances at End of Year	\$3,074,271	\$4,005,212	\$8,161,101	\$2,134,262	\$17,374,846

See Accompanying Notes to the Basic Financial Statements

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Pike-Delta-York Local School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2009

Changes in Fund Balances - Total Governmental Funds \$11,514,367

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year:

Capital Outlays - Nondepreciable Capital Assets	789,935	
Capital Outlays - Depreciable Capital Assets	41,654	
Depreciation	<u>(422,462)</u>	409,127

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities.

Sale of Capital Assets	(2,100)	
Loss on Disposal of Capital Assets	<u>(65,609)</u>	(67,709)

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

Property Taxes	26,826	
Payment in Lieu of Taxes	(103,030)	
Intergovernmental	12,539,947	
Interest	25,807	
Tuition and Fees	3,305	
Miscellaneous	<u>(1,684)</u>	12,491,171

Repayment of principal is an expenditure in governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 545,000

Bond proceeds are other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net assets. (9,999,997)

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net assets. Premiums, discounts, and issuance costs are reported as revenues and expenses when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities. Accounting losses are amortized over the life of the debt on the statement of activities.

Accrued Interest Payable	(73,459)	
Annual Accretion	(167,758)	
Unamortized Premium	(337,835)	
Amortization of Premium	12,712	
Unamortized Discount	170,652	
Unamortized Issuance Costs	155,226	
Amortization of Issuance Costs	(3,327)	
Amortization of Accounting Loss	<u>(9,195)</u>	(252,984)

Pike-Delta-York Local School District
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2009
(continued)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. \$6,006

Change in Net Assets of Governmental Activities \$14,644,981

See Accompanying Notes to the Basic Financial Statements

Pike-Delta-York Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property Taxes	\$4,265,000	\$4,265,000	\$4,173,399	(\$91,601)
Payment in Lieu of Taxes	200,000	200,000	103,030	(96,970)
Intergovernmental	7,451,000	7,451,000	7,513,055	62,055
Interest	250,000	250,000	233,941	(16,059)
Tuition and Fees	552,050	552,050	691,094	139,044
Extracurricular Activities	5,000	5,000	4,571	(429)
Gifts and Donations	500	500		(500)
Miscellaneous	50,400	50,400	91,915	41,515
Total Revenues	12,773,950	12,773,950	12,811,005	37,055
Expenditures:				
Current:				
Instruction:				
Regular	7,192,250	7,462,204	6,348,873	1,113,331
Special	1,337,085	1,340,835	1,266,911	73,924
Vocational	125,141	126,466	124,118	2,348
Support Services:				
Pupils	575,025	575,025	638,543	(63,518)
Instructional Staff	971,945	671,194	678,412	(7,218)
Board of Education	47,800	47,800	45,520	2,280
Administration	971,873	971,873	929,877	41,996
Fiscal	451,235	451,235	342,873	108,362
Business	21,000	21,000	51,563	(30,563)
Operation and Maintenance of Plant	1,710,520	1,709,622	1,506,488	203,134
Pupil Transportation	1,076,600	1,103,100	743,001	360,099
Central	117,000	117,000	69,174	47,826
Non-Instructional Services		3,000	3,034	(34)
Extracurricular Activities	282,928	280,050	351,685	(71,635)
Total Expenditures	14,880,402	14,880,404	13,100,072	1,780,332
Excess of Revenues Under Expenditures	(2,106,452)	(2,106,454)	(289,067)	1,817,387
Other Financing Sources (Uses):				
Sale of Capital Asssets	500	500	2,100	1,600
Refund of Prior Year Expenditures	10,000	10,000	638	(9,362)
Other Financing Sources			149	149
Transfers Out	(50,000)	(50,000)	(20,000)	30,000
Total Other Financing Sources (Uses)	(39,500)	(39,500)	(17,113)	22,387
Changes in Fund Balance	(2,145,952)	(2,145,954)	(306,180)	1,839,774
Fund Balance at Beginning of Year	4,585,192	4,585,192	4,585,192	
Prior Year Encumbrances Appropriated	104,107	104,107	104,107	
Fund Balance at End of Year	\$2,543,347	\$2,543,345	\$4,383,119	\$1,839,774

See Accompanying Notes to the Basic Financial Statements

Pike-Delta-York Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$39,467	\$70,557
Accrued Interest Receivable	123	
Total Assets	39,590	\$70,557
<u>Liabilities:</u>		
Due to Students		\$70,557
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$39,590	

See Accompanying Notes to the Basic Financial Statements

Pike-Delta-York Local School District
Statement of Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2009

Additions:

Interest	\$810
Gifts and Donations	29,203
Total Additions	<u>30,013</u>

Deductions:

Noninstructional Services	<u>2,475</u>
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Change in Net Assets 27,538

Net Assets at Beginning of Year	<u>12,052</u>
Net Assets at End of Year	<u><u>\$39,590</u></u>

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1966. The School District serves an area of approximately seventy-three square miles. It is located in Fulton County, and includes all of the Village of Delta and portions of Fulton, Pike, Swancreek, and York Townships. The School District is the 378th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by sixty-six classified employees, ninety-seven certified teaching personnel, and six administrative employees who provide services to 1,395 students and other community members. The School District currently operates four instructional buildings, an administration building, and a bus garage.

Reporting Entity

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

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

The School District participates in four jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Educational Council Insurance Pool, the Northern Buckeye Education Council Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Delta Public Library. These organizations are presented in Notes 18, 19, and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

Governmental Funds

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred revenue.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Note 2 - Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the CFO/Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

F. Cash and Investments

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

During fiscal year 2009, investments included nonnegotiable certificates of deposit, federal agency securities, bankers' acceptances, mutual funds, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Federal agency securities, bankers' acceptances and mutual funds are reported at fair value, which is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

The Board of Education allocates interest according to State statute. Interest revenue credited to the General Fund during fiscal year 2009 was \$242,525, which includes \$65,586 assigned from other School District funds.

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

Note 2 - Summary of Significant Accounting Policies (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

I. 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, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent unexpended revenues restricted for the purchase of school buses.

J. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of five thousand dollars. 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 capital assets, except land and construction in progress, 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>Useful Lives</u>
Land Improvements	20 - 50 years
Buildings and Building Improvements	25 - 75 years
Furniture, Fixtures, and Equipment	7 - 60 years
Vehicles	10 - 25 years

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as liabilities on the fund financial statements when due.

M. 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 balance of any borrowing 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

Note 2 - Summary of Significant Accounting Policies (continued)

O. Unamortized Issuance Costs, Bond Premiums, and Bond Discounts

On government-wide financial statements, issuance costs, bond premiums, and bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds. Premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction of the face amount of bonds payable.

On the governmental fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the period when the debt is issued.

P. Unamortized Accounting Loss

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction to the face amount of the new debt.

Q. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments made for interfund services provided and used are not eliminated.

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

R. Estimates

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

Note 3 - Changes in Accounting Principles and Restatement of Net Assets

A. Changes in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

Note 3 - Changes in Accounting Principles and Restatement of Net Assets (Continued)

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

B. Restatement of Net Assets

In the prior fiscal year, the School District had agreements for receivables in future years for payments in lieu of taxes. However, due to changes in the tax laws eliminating tangible personal property taxes, these agreements are no longer effective. This change had the following effect on net assets as previously reported.

	Governmental Activities
Net Assets at June 30, 2008	\$14,919,321
Payment in Lieu of Taxes Receivable	(411,723)
Restated Net Assets at June 30, 2008	\$14,507,598

Note 4 - Accountability

At June 30, 2009, the Education Management Information System, Title I, and Drug Free special revenue funds had deficit fund balances, in the amount of \$24, \$3,488 and \$18, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Changes in Fund Balance	
GAAP Basis	(\$1,090,576)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2008, Received in Cash FY 2009	1,071,172
Accrued FY 2009, Not Yet Received in Cash	(205,187)
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	(1,639,227)
Accrued FY 2009, Not Yet Paid in Cash	1,650,348
Cash Adjustments:	
Unrecorded Activity FY 2008	(13,153)
Unrecorded Activity FY 2009	(16,340)
Prepaid Items	1,811
Materials and Supplies Inventory	33,596
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(98,624)
Budget Basis	(\$306,180)

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper 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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 6 - Deposits and Investments (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$3,105,764 of the School District's bank balance of \$5,057,324 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2009, the School District had the following investments.

	Fair Value	Maturity
Federal Home Loan Bank Bonds	\$510,469	March 26, 2012
Federal Home Loan Bank Notes	574,500	January 8, 2010
Federal Home Loan Bank Notes	304,421	January 28, 2010
Federal Home Loan Bank Notes	583,772	February 2, 2010
Federal Home Loan Bank Notes	339,252	February 10, 2010
Federal Home Loan Bank Notes	368,964	March 22, 2010
Federal Home Loan Bank Notes	194,454	March 23, 2010
Federal Home Loan Bank Notes	502,344	October 22, 2010
Federal Home Loan Bank Notes	508,906	November 20, 2012
Federal Home Loan Mortgage Corporation Notes	483,157	May 5, 2010
Federal Home Loan Mortgage Corporation Notes	560,879	July 12, 2010
Federal Home Loan Mortgage Corporation Notes	330,109	July 13, 2010
Federal Home Loan Mortgage Corporation Notes	500,097	October 7, 2010
Federal Home Loan Mortgage Corporation Notes	250,323	December 30, 2010
Federal Home Loan Mortgage Corporation Notes	695,071	January 7, 2011
Federal Home Loan Mortgage Corporation Notes	575,419	January 20, 2011
Federal Home Loan Mortgage Corporation Notes	675,391	January 27, 2011
Federal Home Loan Mortgage Corporation Notes	250,461	April 28, 2011
Federal National Mortgage Association Notes	275,085	July 28, 2010
Bankers' Acceptance	248,955	November 30, 2009

(continued)

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 6 - Deposits and Investments (continued)

Investments (continued)

	Fair Value	Maturity
Bankers' Acceptance	\$182,200	December 7, 2009
Mutual Funds	11,040	average 45 days
STAR Ohio	5,023,669	average 53.8 days
Total	<u>\$13,948,938</u>	

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

The Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, and mutual funds carry a rating of Aaa by Moodys. The Bankers' Acceptances carry a rating of P-1 by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated, at the time of purchase, in the highest category by at least one nationally recognized standard rating service, bankers' acceptances must be eligible for purchase by the federal reserve system and must mature within one hundred eighty days of purchase, and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	\$3,887,082	27.87%
Federal Home Loan Mortgage Corporation	4,320,907	30.98
Federal National Mortgage Association	275,085	1.97
Bankers' Acceptances	431,155	3.09

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 7 - Receivables

Receivables at June 30, 2009, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, property taxes, and payment in lieu of taxes receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The entire payment in lieu of taxes amount will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
Village of Delta	\$5,626
Ohio School Facilities Commission	
State of Ohio	12,537,425
Other Governmental Funds	
State of Ohio	457
Title I	26,466
Title II-A	13,532
Title II-D	1,676
Total Other Governmental Funds	<u>42,131</u>
Total Intergovernmental Receivables	<u><u>\$12,585,182</u></u>

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Note 8 - Property Taxes (continued)

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Fulton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$196,071 in the General Fund, \$90,308 in the Bond Retirement debt service fund, and \$4,641 in the Maintenance special revenue fund. The amount available as an advance at June 30, 2008, was \$190,659 in the General Fund and \$39,585 in the Bond Retirement debt service fund.

The late settlement made by the County for fiscal year 2008 was \$844,020 in the General Fund and \$85,949 in the Bond Retirement debt service fund.

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

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 8 - Property Taxes (continued)

The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$117,886,700	72.37%	\$124,574,370	83.49%
Industrial/Commercial	16,882,590	10.37	17,428,460	11.68
Public Utility	7,418,420	4.55	7,202,370	4.83
Tangible Personal	20,697,800	12.71		
Total Assessed Value	\$162,885,510	100.00%	\$149,205,200	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$55.10		 \$56.20	

During fiscal year 2009, the voters of the School District approved two bond levys, one for 2.5 mills and one for 1.8 mills, there was a new classroom maintenance levy in the amount of .5 mills, and the emergency levy of 3.7 mills expired.

Note 9 - Payment in Lieu of Taxes

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

Note 10 - Capital Assets

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

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$970,367			\$970,367
Construction in Progress		\$789,935		789,935
Total Nondepreciable Capital Assets	970,367	789,935		1,760,302

(continued)

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 10 - Capital Assets (continued)

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Depreciable Capital Assets				
Land Improvements	\$1,160,093			\$1,160,093
Buildings and Building Improvements	17,245,021	\$9,319		17,254,340
Furniture, Fixtures, and Equipment	1,176,197	32,335	(\$32,788)	1,175,744
Vehicles	1,519,139		(198,643)	1,320,496
Total Depreciable Capital Assets	21,100,450	41,654	(231,431)	20,910,673
Less Accumulated Depreciation				
Land Improvements	(211,707)	(27,789)		(239,496)
Buildings and Building Improvements	(3,767,434)	(249,895)		(4,017,329)
Furniture, Fixtures, and Equipment	(437,305)	(54,503)	21,980	(469,828)
Vehicles	(692,128)	(90,275)	141,742	(640,661)
Total Accumulated Depreciation	(5,108,574)	(422,462)	163,722	(5,367,314)
Depreciable Capital Assets, Net	15,991,876	(380,808)	(67,709)	15,543,359
Governmental Activities Capital Assets, Net	<u>\$16,962,243</u>	<u>\$409,127</u>	<u>(\$67,709)</u>	<u>\$17,303,661</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$138,792
Special	13,925
Vocational	14,466
Support Services:	
Pupils	5,063
Instructional Staff	13,536
Administration	8,667
Fiscal	3,254
Operation and Maintenance of Plant	40,672
Pupil Transportation	91,040
Non-Instructional Services	22,498
Extracurricular Activities	70,549
Total Depreciation Expense	<u>\$422,462</u>

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted for the following insurance coverage.

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

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

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

Building and Contents	\$50,000,000
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Coverage provided by Travelers Insurance Companies is as follows:

Excess Property	\$200,000,000
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Coverage provided by American Alternative Insurance Corporation is as follows:

Umbrella	\$10,000,000
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Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2009, the School District participated in the Northwest Ohio Educational Council Insurance Pool (Pool), an insurance purchasing pool. Each participant enters into an individual agreement with the Pool for insurance coverage and pays annual premiums to the Pool based on the types and limits of coverage and deductibles selected by the participant.

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

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

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 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 Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years 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 DCP who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 was \$719,986, \$712,328, and \$665,734, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DCP and CP for fiscal year 2008 were \$8,432 made by the School District and \$14,931 made by the plan members.

B. School Employees Retirement System

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

Note 12 - Defined Benefit Pension Plans (continued)

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 was \$143,749, \$147,986, and \$160,237, respectively; 46 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

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

Note 13 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$56,032, \$55,496, and \$52,214, respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. School Employees Retirement System

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

Note 13 - Postemployment Benefits (Continued)

Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2009, the surcharge amount was \$31,628.

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

The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$65,786, \$67,531, and \$53,199, respectively; 46 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2009, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$11,860, \$10,663, and \$10,896, respectively; 46 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 14 - Other Employee Benefits

A. Compensated Absences

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

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

B. Health Care Benefits

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

Note 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	<u>Balance at</u> <u>6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/09</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities					
General Obligation Bonds					
FY98 School Improvement Bonds					
Serial Bonds 4-4.95%	\$360,000		\$360,000		
Capital Appreciation Bonds					
5.05- 5.1%	209,783			\$209,783	
Accretion of Capital Appreciation					
Bonds	867,432	\$85,158		952,590	

(continued)

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 15 - Long-Term Obligations (continued)

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds (continued)					
FY06 School Improvement Refunding Bonds					
Serial Bonds 3.5-4%	\$5,290,007		\$185,000	\$5,105,007	\$555,000
Capital Appreciation Bonds 3.91-4.05%	654,993			654,993	
Accretion of Capital Appreciation Bonds	158,797	\$76,985		235,782	
Premium	408,518		12,712	395,806	
Accounting Loss	(295,486)		(9,195)	(286,291)	
FY09 Classroom Facilities Improvement Bonds					
Serial Bonds 3-3.75%		975,000		975,000	100,000
Term Bonds 4.7-5.5%		4,875,000		4,875,000	
Capital Appreciation Bonds 4.75-5%		3,808		3,808	
Accretion of Capital Appreciation Bonds		1,135		1,135	
Premium		221,614		221,614	
Discount		(119,669)		(119,669)	
FY09 School Improvement Bonds					
Serial Bonds 3%		820,000		820,000	110,000
Term Bonds 4-5%		3,250,000		3,250,000	
Capital Appreciation Bonds 3.73-3.96%		76,189		76,189	
Accretion of Capital Appreciation Bonds		4,480		4,480	
Premium		116,221		116,221	
Discount		(50,983)		(50,983)	
Total General Obligation Bonds	7,654,044	10,334,938	548,517	17,440,465	765,000
Compensated Absences Payable	1,021,091	12,588	18,594	1,015,085	13,064
Total Governmental Activities Long-Term Obligations	<u>\$8,675,135</u>	<u>\$10,347,526</u>	<u>\$567,111</u>	<u>\$18,455,550</u>	<u>\$778,064</u>

Note 15 - Long-Term Obligations (continued)

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2012 and 2013. The maturity amount of the bonds is \$1,375,000. For fiscal year 2009, \$85,158 was accreted for a total bond value of \$1,162,373 at fiscal year end.

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

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2014 through 2016. The maturity amount of the bonds is \$1,455,000. For fiscal year 2009, \$76,985 was accreted on the capital appreciation bonds for a total value of \$890,775 at fiscal year end.

At June 30, 2009, \$6,560,000 of the refunded bonds was still outstanding.

FY 2009 Classroom Facilities Improvement Bonds - On December 23, 2008, the School District issued voted general obligation bonds, in the amount of \$5,853,808, to pay the local share of construction on a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$975,000, \$4,875,000 and \$3,808, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2037.

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

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 15 - Long-Term Obligations (continued)

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

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

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

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

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

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

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

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

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

<u>Year</u>	<u>Amount</u>
2031	\$310,000
2032	325,000

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

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 15 - Long-Term Obligations (continued)

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

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

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$350,000. For fiscal year 2009, \$1,135 was accreted on the capital appreciation bonds for a total value of \$4,943 at fiscal year end.

As of June 30, 2009, none of these proceeds had been spent.

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

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

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

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

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

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

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

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

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 15 - Long-Term Obligations (continued)

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

<u>Year</u>	<u>Amount</u>
2027	\$170,000
2028	180,000

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

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

<u>Year</u>	<u>Amount</u>
2030	\$195,000
2031	205,000

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

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

<u>Year</u>	<u>Amount</u>
2033	\$220,000
2034	235,000
2035	245,000

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$250,000. For fiscal year 2009, \$4,480 was accreted on the capital appreciation bonds for a total value of \$80,669 at fiscal year end.

At June 30, 2009, \$4,012,534 of these proceeds had not been spent.

Compensated absences will be paid from the General Fund, and the Food Service and Title I special revenue funds.

The School District's overall debt margin was (\$1,917,206) with an unvoted debt margin of \$142,183 at June 30, 2009. The School District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

Pike-Delta-York Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 15 - Long-Term Obligations (continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2009, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds				
	Serial	Term	Capital Appreciation	Interest	Total
2010	\$765,000			\$637,814	\$1,402,814
2011	725,000			612,614	1,337,614
2012	160,000		\$110,005	1,458,992	1,728,997
2013	195,000		99,778	1,488,842	1,783,620
2014	265,000		337,938	932,517	1,535,455
2015-2019	3,985,000		397,052	3,508,411	7,890,463
2020-2024	805,007	\$1,640,000		1,818,871	4,263,878
2025-2029		2,035,000		1,388,898	3,423,898
2030-2034		2,575,000		834,618	3,409,618
2035-2037		1,875,000		152,375	2,027,375
Total	\$6,900,007	\$8,125,000	\$944,773	\$12,833,952	\$28,803,732

Note 16 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2009.

	Textbooks	Capital Improvements
Balance June 30, 2008	(\$251,145)	
Current Year Set Aside Requirement	220,282	\$220,282
Current Year Offsets		(26,492)
Qualifying Expenditures	(238,514)	(193,790)
Balance June 30, 2009	(\$269,377)	

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

Note 17 - Interfund Transfers

During fiscal year 2009, the General Fund made transfers to other governmental funds, in the amount of \$20,000, to subsidize activities in other funds.

Note 18 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2009, the School District paid \$59,812 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 22-900 State Route 34, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 22-900 State Route 34, Archbold, Ohio 43502.

C. Four County Career Center

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

Note 18 - Jointly Governed Organizations (continued)

D. Northwestern Ohio Educational Research Council, Inc.

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

Note 19 - Insurance Pools

A. Northwest Ohio Educational Council Insurance Pool

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

B. Northern Buckeye Education Council Employee Insurance Benefits Program

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

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

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

Note 20 - Related Organization

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

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

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

Note 22 - Subsequent Event

The School District awarded bids totaling \$14,006,047 for the construction of a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school as part of an Ohio School Facilities Commission project. The bids were subsequently approved by the Ohio School Facilities Commission.

<u>Project</u>		<u>Bid Package</u>	<u>Date Awarded</u>	<u>Company</u>	<u>Amount</u>
PreK-4 Construction	Elementary	General Trades	9/16/09	The Spieker Co.	\$6,205,700
PreK-4 Construction	Elementary	Fire Suppression	9/16/09	S.A. Comunale	117,600
PreK-4 Construction	Elementary	Electrical	9/16/09	Woolace Electric Corp.	1,034,515
PreK-4 Construction	Elementary	Plumbing and HVAC	9/16/09	Fitzenrider, Inc.	1,306,202
High School Renovation		General Trades	1/13/10	The Spieker Co.	2,315,400
High School Renovation		Electrical	1/13/10	Woolace Electric Corp.	1,010,200
High School Renovation		Plumbing	1/13/10	Starks, Inc.	290,400
High School Renovation		HVAC	1/13/10	VM Systems, Inc.	1,579,000
High School Renovation		Fire Protection	1/13/10	Vulcan Enterprises	147,030
				Total	<u>\$14,006,047</u>

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

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

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA		
Program Title	Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
<u>Non-cash Assistance (Food Distribution):</u>			
National School Lunch Program	10.555	\$ 72,115	\$ 72,115
<u>Cash Assistance:</u>			
National School Lunch Program	10.555	200,083	200,083
Total National School Lunch Program		<u>272,198</u>	<u>272,198</u>
School Breakfast Program	10.553	39,569	39,569
Total U.S. Department of Agriculture		<u>311,767</u>	<u>311,767</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	176,718	182,090
Safe and Drug Free Schools and Communities State Grant	84.186	4,380	4,380
State Grants for Innovative Programs	84.298	2,567	2,767
Education Technology State Grants	84.318	416	197
Improving Teacher Quality State Grants	84.367	61,148	62,135
Total Department of Education		<u>245,229</u>	<u>251,569</u>
Totals		<u>\$ 556,996</u>	<u>\$ 563,336</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

Program regulations do not require the School District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The School District reports commodities consumed on the Schedule at the fair value.

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike-Delta-York Local School District, Fulton County, (the School District) as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Mary Taylor, CPA
Auditor of State

January 28, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Pike-Delta-York Local School District, Fulton County, (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Pike-Delta-York Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

January 28, 2010

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

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on November 14, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

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

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

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



Mary Taylor, CPA
Auditor of State

January 28, 2010



Mary Taylor, CPA
Auditor of State

PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 18, 2010