



Mary Taylor, CPA  
Auditor of State



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

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Valley Community Local School District, Preble County, Ohio (the 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Valley Community Local School District, Preble County, Ohio, as of June 30, 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 the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 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 the Governmental Accounting Standards Board 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. U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a federal awards receipts and expenditures schedule and is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Mary Taylor, CPA**  
Auditor of State

March 10, 2010

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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The discussion and analysis of Twin Valley Community Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets increased \$438,417, which represents a five percent increase from fiscal year 2008.
- Unrestricted net assets increased by \$501,040 from \$786,165 to \$1,287,205 as of June 30, 2009.
- The School District had \$9,179,311 in disbursements; only \$1,575,108 of these disbursements were offset by program specific charges for services, grants, contributions, or interest.
- The General Fund had \$7,964,135 in receipts and \$7,381,372 in disbursements. The General Fund's balance increased \$582,763.

**Using The Basic Financial Statements**

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

*Report Components*

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

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

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

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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*Basis of Accounting*

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

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

**Reporting the School District as a Whole**

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

The Statement of Net Assets and the Statement of Activities reflect how the School District did financially during fiscal year 2009, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

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

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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

*Fund Financial Statements*

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

*Governmental Funds*

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

*Fiduciary Funds*

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

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2009 compared to fiscal year 2008:

Table 1 Net Assets			
	2009	2008	Change
<b>Assets:</b>			
Current Assets	\$2,060,448	\$1,541,498	\$518,950
Capital Assets, Net	10,366,720	10,662,253	(295,533)
<i>Total Assets</i>	12,427,168	12,203,751	223,417
<b>Liabilities:</b>			
Due Within One Year	240,000	215,000	25,000
Due In More Than One Year	2,280,000	2,520,000	(240,000)
<i>Total Liabilities</i>	2,520,000	2,735,000	(215,000)
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	7,846,720	7,927,253	(80,533)
Restricted	773,243	755,333	17,910
Unrestricted	1,287,205	786,165	501,040
<i>Total Net Assets</i>	\$9,907,168	\$9,468,751	\$438,417

Current assets and unrestricted net assets of governmental activities increased, primarily due to a decrease in disbursements.

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

Table 2 shows the changes in net assets for fiscal years 2009 and 2008.

Table 2 Change in Net Assets			
	2009	2008	Change
<b>Receipts:</b>			
<b>Program Cash Receipts:</b>			
Charges for Services	\$687,933	\$706,423	(\$18,490)
Operating Grants, Interest and Contributions	878,592	845,277	33,315
Capital Grants and Contributions	8,583	5,872	2,711
<i>Total Program Cash Receipts</i>	\$1,575,108	\$1,557,572	\$17,536

(continued)

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

Table 2  
Change in Net Assets (continued)

	2009	2008	Change
<b>General Receipts:</b>			
Property Taxes Levied for:			
General Purposes	\$2,236,770	\$2,222,520	\$14,250
Debt Service	341,138	336,065	5,073
Other Purposes	37,325	38,146	(821)
Income Tax	789,332	767,126	22,206
Grants and Entitlements not Restricted to			
Specific Programs	4,563,455	4,617,147	(53,692)
Interest	28,982	72,748	(43,766)
Miscellaneous	45,618	61,104	(15,486)
<i>Total General Receipts</i>	<u>8,042,620</u>	<u>8,114,856</u>	<u>(72,236)</u>
<i>Total Receipts</i>	<u>9,617,728</u>	<u>9,672,428</u>	<u>(54,700)</u>
<b>Cash Disbursements:</b>			
Instruction:			
Regular	3,810,791	4,414,408	(603,617)
Special	801,679	822,925	(21,246)
Vocational	156,027	240,529	(84,502)
Student Intervention Services	14,180	12,078	2,102
Support Services:			
Pupils	214,285	227,811	(13,526)
Instructional Staff	297,660	293,875	3,785
Board of Education	117,217	120,978	(3,761)
Administration	1,066,889	860,628	206,261
Fiscal	228,394	266,910	(38,516)
Operation and Maintenance of Plant	996,121	1,031,304	(35,183)
Pupil Transportation	402,387	476,919	(74,532)
Central	84,830	84,469	361
Operation of Non-Instructional Services	531,293	467,645	63,648
Extracurricular Activities	318,124	325,623	(7,499)
Debt Service:			
Interest and Fiscal Charges	139,434	151,050	(11,616)
<i>Total Cash Disbursements</i>	<u>9,179,311</u>	<u>9,797,152</u>	<u>(617,841)</u>
<i>Increase (Decrease) in Net Assets</i>	438,417	(124,724)	
<i>Net Assets at Beginning of Year</i>	<u>9,468,751</u>	<u>9,593,475</u>	
<i>Net Assets at End of Year</i>	<u>\$9,907,168</u>	<u>\$9,468,751</u>	

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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**Governmental Activities**

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes and income taxes made up 35 percent of receipts for governmental activities for the School District for fiscal year 2009. Without this tax support, disbursements would have drastically outpaced receipts and the School District could not maintain the same operations as it does currently.

Disbursements decreased by \$617,841, or six percent from the previous fiscal year. The largest decrease was in regular instruction. In fiscal year 2008, 12 teachers accepted the School District's early retirement incentive. The payment to these teachers totaled around \$370,000 in fiscal year 2008. These positions were not filled in fiscal year 2009, to account for the rest of the savings.

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

**The School District's Funds**

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified cash basis of accounting. All governmental funds had total receipts of \$9,617,728 and disbursements of \$9,098,778.

The net change in fund balance for the General Fund and the Bond Retirement Debt Service Fund was \$582,763 and \$31,164, respectively. The increase in the General Fund was primarily due to a decrease in regular instruction disbursements from 12 incentive retirement bonuses being paid in fiscal year 2008 and these positions not filled in fiscal year 2009. The Bond Retirement Debt Service Fund increased slightly from reduced interest payments for debt during the fiscal year.

**General Fund Budgeting Highlights**

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

For the General Fund, the final budget basis receipts estimate were higher than the original budget basis receipts by \$536,180, or seven percent. Actual receipts decreased \$539,579 from final budget basis receipts, primarily from property taxes being lower than expected.

Final appropriations stayed the same as original appropriations. Final appropriations were larger than actual disbursements by \$942,022, primarily from regular instruction being less than expected. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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**Capital Assets**

At the end of fiscal year 2009, the School District had \$10,366,720 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles.

Table 3 shows fiscal year 2009 balances compared to fiscal year 2008.

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

	2009	2008
Land	\$336,998	\$336,998
Land Improvements	107,794	108,814
Buildings and Improvements	9,728,460	9,999,293
Furniture, Fixtures, and Equipment	55,867	64,979
Vehicles	137,601	152,169
<i>Totals</i>	\$10,366,720	\$10,662,253

Overall, capital assets decreased \$295,533 from fiscal year 2008 to fiscal year 2009. This was due to depreciation during the fiscal year. For more information on capital assets, see Note 7 of the basic financial statements.

**Debt Administration**

At June 30, 2009, the School District had \$2,520,000 in general obligation bonds outstanding, of which \$240,000 is due within one year. Table 4 summarizes the bonds outstanding:

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

	2009	2008
1994 School Improvement Bonds	\$785,000	\$1,000,000
2007 School Improvement Refunding Bonds	1,735,000	1,735,000
<i>Totals</i>	\$2,520,000	\$2,735,000

The School District's overall legal debt margin was \$7,516,587, with an unvoted debt margin of \$108,204 at June 30, 2009. For more information on the School District's debt, see Note 11 of the basic financial statements.

**Twin Valley Community Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dan Bassler, Treasurer, at Twin Valley Community Local School District, 100 Education Drive, West Alexandria, Ohio 45381, or email at [dbassler@tvs.k12.oh.us](mailto:dbassler@tvs.k12.oh.us).

**Twin Valley Community Local School District**  
*Statement of Net Assets - Modified Cash Basis*  
*June 30, 2009*

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,060,448
Nondepreciable Capital Assets	336,998
Depreciable Capital Assets, Net	10,029,722
<i>Total Assets</i>	12,427,168
<b>Liabilities:</b>	
Long-Term Liabilities:	
Due Within One Year	240,000
Due in More Than One Year	2,280,000
<i>Total Liabilities</i>	2,520,000
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	7,846,720
Restricted for:	
Debt Service	298,240
Capital Projects	1,680
Classroom Facilities Maintenance	138,982
Other Purposes	89,107
Set-Asides	245,234
Unrestricted	1,287,205
<i>Total Net Assets</i>	\$9,907,168

See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**

*Statement of Activities - Modified Cash Basis*

*For the Fiscal Year Ended June 30, 2009*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$3,810,791	\$170,654	\$50,137	\$0	(\$3,590,000)
Special	801,679	22,500	607,411	0	(171,768)
Vocational	156,027	1,490	13,941	0	(140,596)
Student Intervention Services	14,180	0	14,180	0	0
Support Services:					
Pupils	214,285	0	8,296	0	(205,989)
Instructional Staff	297,660	0	34,202	0	(263,458)
Board of Education	117,217	0	0	0	(117,217)
Administration	1,066,889	0	0	0	(1,066,889)
Fiscal	228,394	0	0	0	(228,394)
Operation and Maintenance of Plant	996,121	0	0	0	(996,121)
Pupil Transportation	402,387	0	0	8,583	(393,804)
Central	84,830	0	5,000	0	(79,830)
Operation of Non-Instructional Services					
	531,293	283,506	145,388	0	(102,399)
Extracurricular Activities	318,124	209,783	37	0	(108,304)
Debt Service:					
Interest and Fiscal Charges	139,434	0	0	0	(139,434)
<i>Total Governmental Activities</i>	<u>\$9,179,311</u>	<u>\$687,933</u>	<u>\$878,592</u>	<u>\$8,583</u>	<u>(7,604,203)</u>

**General Receipts:**

Property Taxes Levied for:	
General Purposes	2,236,770
Debt Service	341,138
Other Purposes	37,325
Income Tax	789,332
Grants and Entitlements not Restricted to Specific Programs	4,563,455
Interest	28,982
Miscellaneous	45,618
<i>Total General Receipts</i>	<u>8,042,620</u>

*Change in Net Assets* 438,417

*Net Assets at Beginning of Year* 9,468,751

*Net Assets at End of Year* 9,907,168

See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*June 30, 2009*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,262,079	\$298,240	\$254,895	\$1,815,214
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	245,234	0	0	245,234
<i>Total Assets</i>	<u>\$1,507,313</u>	<u>\$298,240</u>	<u>\$254,895</u>	<u>\$2,060,448</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	\$18,670	\$0	\$13,309	\$31,979
Reserved for Textbooks and Instructional Materials	245,234	0	0	245,234
Unreserved, Undesignated, Reported in:				
General Fund	1,243,409	0	0	1,243,409
Special Revenue Funds	0	0	239,906	239,906
Debt Service Fund	0	298,240	0	298,240
Capital Projects Funds	0	0	1,680	1,680
<i>Total Fund Balances</i>	<u>\$1,507,313</u>	<u>\$298,240</u>	<u>\$254,895</u>	<u>\$2,060,448</u>

See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities - Modified Cash Basis  
 June 30, 2009*

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**Total Governmental Fund Balances** \$2,060,448

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

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

Land	336,998	
Land Improvements	235,326	
Buildings and Improvements	15,674,906	
Furniture, Fixtures, and Equipment	1,822,390	
Vehicles	492,042	
Accumulated Depreciation	(8,194,942)	
		10,366,720

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

General Obligation Bonds Payable		(2,520,000)
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*Net Assets of Governmental Activities* \$9,907,168

See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>				
Property Taxes	\$2,236,770	\$341,138	\$37,325	\$2,615,233
Income Tax	789,332	0	0	789,332
Tuition and Fees	100,862	0	65,463	166,325
Extracurricular Activities	56,967	0	152,816	209,783
Interest	28,982	0	168	29,150
Intergovernmental	4,677,290	53,828	719,344	5,450,462
Charges for Services	0	0	283,506	283,506
Rent	28,319	0	0	28,319
Miscellaneous	45,613	0	5	45,618
<i>Total Receipts</i>	<u>7,964,135</u>	<u>394,966</u>	<u>1,258,627</u>	<u>9,617,728</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	3,381,699	0	122,895	3,504,594
Special	341,200	0	460,479	801,679
Vocational	154,479	0	1,548	156,027
Student Intervention Services	0	0	14,180	14,180
Support Services:				
Pupils	199,866	0	14,419	214,285
Instructional Staff	259,141	0	38,289	297,430
Board of Education	117,217	0	0	117,217
Administration	1,056,492	9,368	1,029	1,066,889
Fiscal	228,394	0	0	228,394
Operation and Maintenance of Plant	982,601	0	13,520	996,121
Pupil Transportation	408,536	0	0	408,536
Central	80,764	0	3,535	84,299
Operation of Non-Instructional Services	0	0	531,293	531,293
Extracurricular Activities	168,864	0	152,417	321,281
Capital Outlay	2,119	0	0	2,119
Debt Service:				
Principal Retirement	0	215,000	0	215,000
Interest and Fiscal Charges	0	139,434	0	139,434
<i>Total Disbursements</i>	<u>7,381,372</u>	<u>363,802</u>	<u>1,353,604</u>	<u>9,098,778</u>
<i>Net Change in Fund Balances</i>	582,763	31,164	(94,977)	518,950
<i>Fund Balances at Beginning of Year</i>	<u>924,550</u>	<u>267,076</u>	<u>349,872</u>	<u>1,541,498</u>
<i>Fund Balances at End of Year</i>	<u><u>\$1,507,313</u></u>	<u><u>\$298,240</u></u>	<u><u>\$254,895</u></u>	<u><u>\$2,060,448</u></u>

See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**  
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2009*

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**Net Change in Fund Balances - Total Governmental Funds** \$518,950

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

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

In the current period, these amounts are:

Capital Outlay	13,000	
Current Fiscal Year Depreciation Disbursement	<u>(315,283)</u>	
Excess of Depreciation Disbursement over Capital Outlay		(302,283)

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

General Obligation Bond Payments	<u>215,000</u>
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<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$431,667</u></u>
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See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual (Budget Basis)*

*General Fund*

*For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts:</b>				
Property Taxes	\$2,539,960	\$2,539,960	\$2,236,770	(\$303,190)
Income Tax	791,674	791,674	789,332	(2,342)
Tuition and Fees	132,960	132,960	100,862	(32,098)
Extracurricular Activities	47,659	47,659	56,967	9,308
Interest	71,110	71,110	32,358	(38,752)
Intergovernmental	4,122,196	4,658,376	4,677,290	18,914
Rent	32,968	32,968	28,319	(4,649)
Miscellaneous	231,970	231,970	45,200	(186,770)
<i>Total Receipts</i>	<u>7,970,497</u>	<u>8,506,677</u>	<u>7,967,098</u>	<u>(539,579)</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	3,845,380	3,845,380	3,369,961	475,419
Special	699,892	699,892	341,200	358,692
Vocational	138,213	138,213	155,548	(17,335)
Other	493	493	11,988	(11,495)
Support Services:				
Pupils	192,139	192,139	200,146	(8,007)
Instructional Staff	268,095	268,095	259,141	8,954
Board of Education	123,914	123,914	117,217	6,697
Administration	896,242	896,242	1,058,749	(162,507)
Fiscal	194,741	194,741	228,519	(33,778)
Operation and Maintenance of Plant	1,113,598	1,113,598	988,367	125,231
Pupil Transportation	612,953	612,953	417,116	195,837
Central	79,022	79,022	80,764	(1,742)
Extracurricular Activities	170,482	170,482	168,864	1,618
Capital Outlay	6,557	6,557	2,119	4,438
<i>Total Disbursements</i>	<u>8,341,721</u>	<u>8,341,721</u>	<u>7,399,699</u>	<u>942,022</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(371,224)	164,956	567,399	402,443
<b>Other Financing Sources:</b>				
Refund of Prior Year Disbursements	43,003	43,003	413	(42,590)
<i>Net Change in Fund Balance</i>	(328,221)	207,959	567,812	359,853
<i>Fund Balance at Beginning of Year</i>	844,619	844,619	844,619	0
<i>Prior Year Encumbrances Appropriated</i>	74,540	74,540	74,540	0
<i>Fund Balance at End of Year</i>	<u>\$590,938</u>	<u>\$1,127,118</u>	<u>\$1,486,971</u>	<u>\$359,853</u>

See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*June 30, 2009*

	Private Purpose Trust	Agency
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$73,932	\$43,260
<b>Liabilities:</b>		
Undistributed Monies	0	\$370
Due to Students	0	42,890
Total Liabilities	0	\$43,260
<b>Net Assets:</b>		
Held in Trust for Scholarships	\$73,932	

See Accompanying Notes to the Basic Financial Statements

**Twin Valley Community Local School District**  
*Statement of Changes in Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2009*

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	Private Purpose Trust
<b>Additions:</b>	
Interest	\$61
Contributions	2,500
Miscellaneous	2,743
<i>Total Additions</i>	5,304
 <b>Deductions:</b>	
Payments in Accordance with Trust Agreements	7,650
 <i>Change in Net Assets</i>	 (2,346)
 <i>Net Assets at Beginning of Year</i>	 76,278
 <i>Net Assets at End of Year</i>	 \$73,932

See Accompanying Notes to the Basic Financial Statements

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**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

Twin Valley Community Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal guidelines. This Board of Education controls the School District's one instructional and administrative facility.

*Reporting Entity*

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

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

The School District participates in three jointly governed organizations, two insurance purchasing pools and one shared risk pool. These organizations include the Southwest Ohio Computer Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Instructional Technology Association, the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Preble County Schools Regional Council of Governments, respectively. These organizations are presented in Notes 12, 13 and 14 to the basic financial statements.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis Of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements*

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are considered business-type activities. The School District, however, has no activities which are reported as business-type. Governmental activities are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Fund Financial Statements*

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

**B. Fund Accounting**

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

*Governmental Funds*

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other nonexchange transactions as governmental funds. The following are the School District's major governmental funds:

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

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

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Fiduciary Funds*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's trust funds are private purpose trusts which account for college scholarship programs for students. The Student Managed Activities Agency Fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

**C. Basis of Accounting**

The School District's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

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

**D. Cash and Cash Equivalents**

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

During fiscal year 2009, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$28,982, which includes \$9,404 assigned from other School District funds.

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

**E. Capital Assets and Depreciation**

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

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

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	45 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	6-10 years

**F. Restricted Assets**

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

**G. Long-Term Obligations**

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

**H. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and State grants whose use is restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**I. Fund Balance Reserves**

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and textbooks and instructional materials.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Employer Contributions to Cost-Sharing Pension Plans**

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postemployment health care benefits.

**K. Estimates**

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

**L. Budgetary Process**

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

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

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis), and unrecorded cash, which represents amounts received but not included on the budgetary basis.

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

<u>Net Change in Fund Balance</u>	
Modified Cash Basis	\$582,763
Unrecorded Cash - Fiscal Year 2009	(1,672)
Unrecorded Cash - Fiscal Year 2008	5,391
Adjustment for Encumbrances	<u>(18,670)</u>
Budget Basis	<u><u>\$567,812</u></u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (continued)

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

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

**A. 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, \$86,762 of the School District's bank balance of \$428,501 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (continued)

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or 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.

**B. Investments**

As of June 30, 2009, the School District's only investment was in STAROhio.

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	<u>\$224,621</u>	Average 58.1 Days

*Interest Rate Risk*

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

*Credit Risk*

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

**NOTE 5 - PROPERTY TAXES**

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 5 - PROPERTY TAXES** (continued)

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 revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien 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 currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents 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 multiple-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 Preble 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.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

**NOTE 5 - PROPERTY TAXES** (continued)

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

	2008 Second-Half Collections		2009 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$93,201,000	89.59%	\$101,155,960	93.24%
Public Utility Personal	7,443,170	7.16%	7,329,000	6.76%
General Business Personal	3,381,152	3.25%	0	0.00%
Total Assessed Value	<u>\$104,025,322</u>	<u>100.00%</u>	<u>\$108,484,960</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$44.38		\$44.28	

**NOTE 6 - INCOME TAX**

The School District levies a voted tax of 0.75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2003, and was renewed in May, 2007 for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

**NOTE 7 - CAPITAL ASSETS**

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

	Balance 6/30/08	Additions	Deductions	Balance 6/30/09
<b>Governmental Activities</b>				
Capital Assets, not Being Depreciated:				
Land	\$336,998	\$0	\$0	\$336,998
Capital Assets, Being Depreciated:				
Land Improvements	229,826	5,500	0	235,326
Buildings and Improvements	15,674,906	0	0	15,674,906
Furniture, Fixtures, and Equipment	1,824,890	0	(2,500)	1,822,390
Vehicles	576,882	15,000	(99,840)	492,042
Total Capital Assets, Being Depreciated	<u>\$18,306,504</u>	<u>\$20,500</u>	<u>(\$102,340)</u>	<u>\$18,224,664</u>

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

**NOTE 7 - CAPITAL ASSETS** (continued)

	<u>Balance 6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/09</u>
<b>Governmental Activities</b>				
Less Accumulated Depreciation:				
Land Improvements	(\$121,012)	(\$6,520)	\$0	(\$127,532)
Buildings and Improvements	(5,675,613)	(270,833)	0	(5,946,446)
Furniture, Fixtures, and Equipment	(1,759,911)	(9,112)	2,500	(1,766,523)
Vehicles	(424,713)	(29,568)	99,840	(354,441)
Total Accumulated Depreciation	<u>(7,981,249)</u>	<u>(316,033) *</u>	<u>102,340</u>	<u>(8,194,942)</u>
Capital Assets, Being Depreciated, Net	<u>10,325,255</u>	<u>(295,533)</u>	<u>0</u>	<u>10,029,722</u>
Governmental Activities Capital Assets, Net	<u>\$10,662,253</u>	<u>(\$295,533)</u>	<u>\$0</u>	<u>\$10,366,720</u>

\* Depreciation was charged to governmental functions as follows:

Instruction:	
Regular	\$304,078
Support Services:	
Instructional Staff	230
Pupil Transportation	8,851
Central	531
Extracurricular Activities	2,343
Total Depreciation Disbursement	<u>\$316,033</u>

**NOTE 8 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Erie Insurance Group for fleet insurance, and with Westfield Companies for insurance for its school building and contents.

Coverage provided by Erie Insurance Group includes the following:

School Bus Fleet insurance:	
Per Accident	\$1,000,000
Per Individual	1,000,000

Coverage provided by Westfield Companies includes the following:

School building and contents (\$1,000 deductible)	\$27,432,930
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**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 8 - RISK MANAGEMENT** (continued)

The School District, along with other school districts in Ohio, participated in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 13).

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

General Liability:	
Per Occurrence	\$1,000,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000
Fire Legal Liability	500,000
Medical Expense - Per Person/Accident	10,000
Employers Liability:	
Per Accident	1,000,000
Per Disease - Each Employee	1,000,000
Per Disease - Policy Limit	1,000,000
Employee Benefits Liability:	
Per Claim	1,000,000
Aggregate Limit	3,000,000
Educators' Legal Liability:	
Per Claim (\$2,500 deductible)	1,000,000
Annual Aggregate	3,000,000
Excess Liability:	
Limit of Liability	2,000,000
Annual Aggregate	2,000,000

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

**B. Workers' Compensation**

For fiscal year 2009, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP tier. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 8 - RISK MANAGEMENT** (continued)

**C. Employee Medical Benefits**

For fiscal year 2009, the School District participated in the Preble County Schools Regional Council of Governments (the "Council"), a shared risk pool consisting of five local school districts and an educational service center (See Note 14). The School District pays monthly premiums to the Council for employee medical benefits. The Council is responsible for the management and operations of the program. Upon withdrawal from the Council, a participant is responsible for the payment of all of the Council's liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$90,607, \$83,778, and \$116,563, respectively; 100 percent has been contributed for all three fiscal years.

**B. State Teachers Retirement System of Ohio**

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS** (continued)

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

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$477,190, \$495,568, and \$492,687, respectively; 100 percent has been contributed for all three fiscal years. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8,532 made by the School District and \$22,441 made by the plan members.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS** (continued)

**C. Social Security System**

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

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 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 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$56,530, \$58,578, and \$60,527, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$7,476, \$6,036, and \$7,926, respectively; 100 percent has been contributed for all three fiscal years.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

**NOTE 10 - POSTEMPLOYMENT BENEFITS** (continued)

**B. State Teachers Retirement System of Ohio**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$36,707, \$38,121, and \$37,899 respectively; 100 percent has been contributed for all three fiscal years.

**NOTE 11 - LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/08	Additions	Deductions	Principal Outstanding 6/30/09	Amounts Due in One Year
<u>Governmental Activities</u>					
School Improvement General Obligation Bonds 1994 - 6.30%	\$1,000,000	\$0	\$215,000	\$785,000	\$240,000
School Improvement General Obligation Refunding Bonds 2007 - 4.25 - 4.50%	1,735,000	0	0	\$1,735,000	0
Total Long-Term Liabilities	<u>\$2,735,000</u>	<u>\$0</u>	<u>\$215,000</u>	<u>\$2,520,000</u>	<u>\$240,000</u>

*Twin Valley Community Schools School Improvement General Obligation Bonds*

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

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

**NOTE 11 - LONG-TERM OBLIGATIONS** (continued)

*Twin Valley Community Schools School Improvement General Obligation Refunding Bonds*

The 2007 Refunding Bonds were issued September 25, 2006, for the purpose of advance refunding \$1,940,000 of the \$3,115,000 outstanding school improvement general obligation bonds. The bonds will reach final maturity on December 1, 2016 and are being paid from the Bond Retirement Debt Service Fund. As a result, \$1,940,000 of the 1994 bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. As of June 30, 2009, \$1,750,000 of the defeased School Improvement Bonds were unmatured and unpaid.

The School District's overall legal debt margin was \$7,516,587, with an unvoted debt margin of \$108,204 at June 30, 2009.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	1994 School Improvement Bond		
	Principal	Interest	Total
2010	\$240,000	\$46,882	\$286,882
2011	260,000	29,258	289,258
2012	285,000	10,046	295,046
<b>Total</b>	<b>\$785,000</b>	<b>\$86,186</b>	<b>\$871,186</b>

Fiscal Year Ending June 30,	2007 School Improvement Refunding Bonds		
	Principal	Interest	Total
2010	\$0	\$76,512	\$76,512
2011	0	76,512	76,512
2012	0	76,512	76,512
2013	300,000	70,138	370,138
2014	325,000	56,856	381,856
2015-2017	1,110,000	76,951	1,186,951
<b>Total</b>	<b>\$1,735,000</b>	<b>\$433,481</b>	<b>\$2,168,481</b>

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Southwest Ohio Computer Association**

The School District is a participant in the Southwest Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The School District paid SWOCA \$27,002 for services provided during the fiscal year. Financial information can be obtained from K. Michael Crumley, Executive Director of SWOCA, at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**B. Southwestern Ohio Educational Purchasing Council**

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

Payments to SOEPC are made from the General Fund. During fiscal year 2009, the School District paid \$1,965 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**C. Southwestern Ohio Instructional Technology Association**

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under chapter 1702 of the Ohio Revised Code. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2009, the School District paid \$1,592 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**NOTE 13 - INSURANCE PURCHASING POOLS**

**A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan**

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all other participating members. The Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Ohio School Plan**

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the OSP to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a 13 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 14 - SHARED RISK POOL**

**Preble County Schools Regional Council of Governments**

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

**NOTE 15 - SET-ASIDE CALCULATIONS**

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

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

	Textbooks and Instructional Materials	Capital Improvements
Set-aside Reserve Balance as of June 30, 2008	\$159,607	\$0
Current Fiscal Year Set-aside Requirement	158,103	158,103
Qualifying Disbursements	(72,476)	(183,479)
Current Fiscal Year Offsets	0	(20,125)
Totals	<u>\$245,234</u>	<u>(\$45,501)</u>
Set-aside Balance Carried Forward to		
Future Fiscal Years	<u>\$245,234</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2009	<u>\$245,234</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements amounts below zero. The extra amount for capital improvements may not be used to reduce the set-aside requirement of future fiscal years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**Twin Valley Community Local School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

*(Continued)*

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**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The School District is party in legal proceedings. The School District is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

**NOTE 17 - COMPLIANCE**

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

Contrary to Ohio Revised Code, Section 5705.39, appropriations exceeded estimated resources for the Bond Retirement Fund by \$151,722.

**NOTE 18 – FISCAL MANAGEMENT**

John Kinsel served as School Treasurer from July 1, 2008 through September 26, 2008. Teresa Freeman served as interim School Treasurer from September 26, 2008 through January 12, 2009. Dan Bassler served as School Treasurer from January 12, 2009 through June 30, 2009.

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

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution): National School Lunch Program	2009	10.555		\$ 22,881		\$ 22,881
Cash Assistance National School Breakfast Program	2009	10.553	\$ 23,783		\$ 23,783	
Total National School Breakfast Program			23,783	-	23,783	-
National School Lunch Program	2009	10.555	117,118		117,118	
Total National School Lunch Program			117,118	-	117,118	-
Total Nutrition Cluster			140,901	22,881	140,901	22,881
<i>Total Passed Through Ohio Department of Education</i>			140,901	22,881	140,901	22,881
Total U.S. Department of Agriculture			140,901	22,881	140,901	22,881
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	2008	84.010	2,111		39,364	
	2009		153,553		146,067	
Total Grants to Local Educational Agencies (ESEA Title I)			155,664	-	185,431	-
Special Education Cluster:						
Special Education: Grants to States (IDEA Part B)	2008	84.027	92,983		92,983	
	2009		182,065		182,065	
			275,048	-	275,048	-
Special Education: Preschool Grant	2008	84.173	1,228		1,228	
Total Special Education Cluster			276,276	-	276,276	-
Safe and Drug Free Schools and Communities	2008	84.186	3,227	-	3,227	-
Innovative Education Program Strategy	2008	84.298	1,739	-	1,739	-
Title II-D: Technology Literacy Challenge Fund	2007	84.318			1,544	
	2008				484	
	2009		1,438		456	
Total Title II-D: Technology Literacy Challenge Fund			1,438	-	2,484	-
Title II-A: Improving Teacher Quality	2008	84.367	407		6,280	
	2009		53,987		53,987	
Total Title II-A: Improving Teacher Quality			54,394	-	60,267	-
<i>Total Passed Through Ohio Department of Education</i>			492,738	-	529,424	-
Total U.S. Department of Education			492,738	-	529,424	-
<b>Total</b>			<b>\$ 633,639</b>	<b>\$ 22,881</b>	<b>\$ 670,325</b>	<b>\$ 22,881</b>

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

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

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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 entitlement value.

**NOTE D - MATCHING REQUIREMENTS**

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



# 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*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Valley Community Local School District, Preble 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 and have issued our report thereon dated March 10, 2010 in which we noted the School District prepares its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America. 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.

We noted certain matters that we reported to the School District's management in a separate letter dated March 10, 2010.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 10, 2010.

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

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



**Mary Taylor, CPA**  
Auditor of State

March 10, 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

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

To the Board of Education:

#### **Compliance**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Twin Valley Community Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009. In a separate letter to the School District's management dated March 10, 2010, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

#### **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

March 10, 2010

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

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified – Modified Cash Basis
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I: CFDA #84.010 Special Education Cluster: CFDA #84.027 & #84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2009-001**

**Noncompliance Citation**

**Ohio Revised Code, § 117.38**, provides, in part, that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Revised Code 117.38.

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

**Officials' Response:**

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

**FINDING NUMBER 2009-002**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.39**, provides that total appropriations from each fund shall not exceed the total estimated revenue. At June 30, 2009, appropriations of \$348,326 exceeded estimated resources of \$196,604 for the Bond Retirement Fund (002) by \$151,722.

Failure to limit appropriations to total estimated revenue may result in the School District incurring obligations that exceed their available resources and negative fund balances. We recommend that the School District limit appropriations to the total estimated revenue per fund.

**Officials' Response:**

The District will continue to monitor annual appropriations in relation to estimated revenues.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Rev. Code § 117.38, Ohio Admin. Code § 117-2-03(B), failure to report in accordance with generally accepted accounting principles.	No	Not corrected – Re-issued as Finding 2009-001.
2008-002	Lack of oversight in the posting of receipts, debt activity, and capital asset transactions.	Yes	
2008-003	Lack of oversight for bank reconciliations.	Yes	
2008-004	Ohio Rev. Code § 9.38, failure to timely deposit.	No	Partially corrected - Reissued as a Management Letter comment.
2008-005	Ohio Rev. Code § 149.351(A), failure to maintain receipt records.	Yes	
2008-006	Ohio Rev. Code § 149.351(A), failure to maintain student activity records.	No	Partially corrected – Re-issued as a Management Letter comment.
2008-007	Ohio Rev. Code § 5705.38(B), failure to pass annual appropriations; Ohio Rev. Code § 5705.41(B), permanent appropriation measure not approved.	Yes	
2008-008	Ohio Rev. Code § 5705.41(B), expenditures exceed appropriations.	No	Partially corrected – Re-issued as a Management Letter comment.
2008-009	Ohio Rev. Code § 5705.36(A)(4), appropriations exceed actual resources.	No	Partially corrected – Re-issued as a Management Letter comment.
2008-010	Ohio Rev. Code § 5705.10(H), failure to maintain positive fund balances.	Yes	

Twin Valley Community Local School District  
 Preble County  
 Schedule of Prior Audit Findings  
 Page 2

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2008-011	Ohio Rev. Code § 5705.10(B), failure to properly post levy revenue to the Bond Retirement Fund.	Yes	
2008-012	Ohio Rev. Code § 5705.10(C), failure to properly post levy revenue to the Classroom Facilities Maintenance Fund.	Yes	
2008-013	Ohio Admin. Code § 117-2-02(C)(1), appropriations and estimated receipts not properly posted to the system.	Yes	
2008-014	Ohio Rev. Code § 135.18, deposits not adequately collateralized.	No	Partially corrected – Re-issued as a Management Letter comment.
2008-015	OMB Circular A-133, Subpart C § .320, failure to file the data collection form.	Yes	



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Twin Valley Community Local School District, Preble County, Ohio, (the School 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 August 11, 1986. It was re-adopted on November 17, 2008.
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 includes 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;
  - (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 and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

March 10, 2010



Mary Taylor, CPA  
Auditor of State

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MARCH 30, 2010**