



Dave Yost • Auditor of State



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

South Range Local School District  
Mahoning County  
11822 South Avenue  
North Lima, Ohio 44452

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 South Range Local School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of South Range Local School District, Mahoning County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

January 31, 2011

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the South Range Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets of governmental activities increased \$375,345, which represents a 1.35% increase from 2009.
- General revenues accounted for \$12,205,435 in revenue, or 87.99% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,665,265, or 12.01%, of total revenues of \$13,870,700.
- The District had \$13,495,355 in expenses related to governmental activities; \$1,665,265 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,205,435 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund and classroom facilities fund. The general fund had \$10,811,268 in revenues and \$10,814,330 in expenditures and other financing uses. During fiscal year 2010, the fund balance in the general fund decreased \$3,062 from \$2,170,079 to \$2,167,017.
- The bond retirement fund had \$1,314,438 in revenues and \$1,321,365 in expenditures. During fiscal year 2010, the fund balance in the bond retirement fund decreased \$6,927 from \$587,573 to \$580,646.
- The classroom facilities fund had \$2,669,718 in revenues and \$19,704,579 in expenditures and other financing uses. During fiscal year 2010, the fund balance in the classroom facilities fund decreased \$17,034,861 from \$28,281,202 to \$11,246,341.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, bond retirement fund and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

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

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement fund and classroom facilities fund.

*Governmental Funds*

Most of the 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 year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 21-47 of this report.

**The District as a Whole**

Recall that the statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2010 and June 30, 2009.

	<b>Net Assets</b>	
	Governmental Activities 2010	Governmental Activities 2009
<b><u>Assets</u></b>		
Current and other assets	\$ 24,709,083	\$ 46,223,544
Capital assets, net	<u>32,132,995</u>	<u>11,016,549</u>
Total assets	<u>56,842,078</u>	<u>57,240,093</u>
<b><u>Liabilities</u></b>		
Current liabilities	7,928,414	8,411,488
Long-term liabilities	<u>20,789,787</u>	<u>21,080,073</u>
Total liabilities	<u>28,718,201</u>	<u>29,491,561</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	24,964,210	11,016,549
Restricted	1,368,049	951,279
Unrestricted	<u>1,791,618</u>	<u>15,780,704</u>
Total net assets	<u>\$ 28,123,877</u>	<u>\$ 27,748,532</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$28,123,877. Of this total, \$1,368,049 is restricted in use.

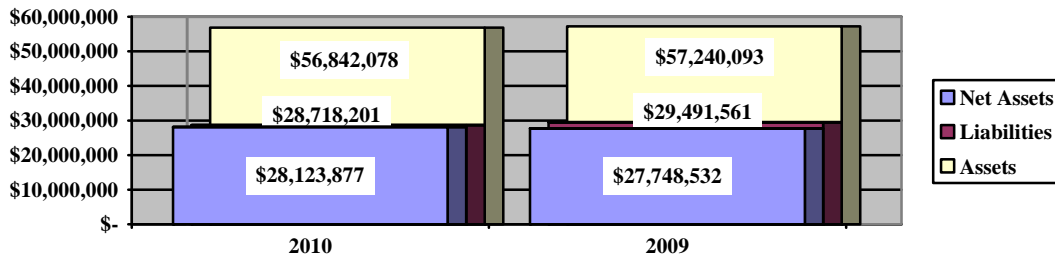
**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

At year-end, capital assets represented 56.53% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment and furniture, vehicles and construction in progress. Capital assets, net of related debt to acquire the assets at June 30, 2010 were \$24,964,210. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,368,049, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$1,791,618.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2010 and 2009.

**Change in Net Assets**

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 524,089	\$ 503,562
Operating grants and contributions	1,141,176	929,921
Capital grants and contributions	-	9,730
General revenues:		
Property taxes	6,141,626	6,040,220
Grants and entitlements	5,935,657	5,868,136
Investment earnings	102,776	395,895
Other	<u>25,376</u>	<u>224,974</u>
Total revenues	<u>\$ 13,870,700</u>	<u>\$ 13,972,438</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Change in Net Assets**

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,768,372	\$ 5,509,880
Special	1,148,320	1,379,951
Vocational	180,543	165,821
Other	229,031	207,834
Support services:		
Pupil	340,569	278,560
Instructional staff	674,001	606,233
Board of education	64,458	50,991
Administration	957,985	1,015,488
Fiscal	424,481	402,635
Business	-	3,080
Operations and maintenance	947,383	1,033,930
Pupil transportation	927,699	937,044
Central	79,290	77,750
Operation of non-instructional services	1,561	2,476
Food service operations	376,157	377,134
Extracurricular activities	468,836	460,386
Interest and fiscal charges	<u>906,669</u>	<u>909,749</u>
Total expenses	<u>13,495,355</u>	<u>13,418,942</u>
Change in net assets	375,345	553,496
Net assets at beginning of year	<u>27,748,532</u>	<u>27,195,036</u>
Net assets at end of year	<u>\$ 28,123,877</u>	<u>\$ 27,748,532</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$375,345. Total governmental expenses of \$13,495,355 were offset by program revenues of \$1,665,265 and general revenues of \$12,205,435. Program revenues supported 12.34% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 87.07% of total governmental revenue.

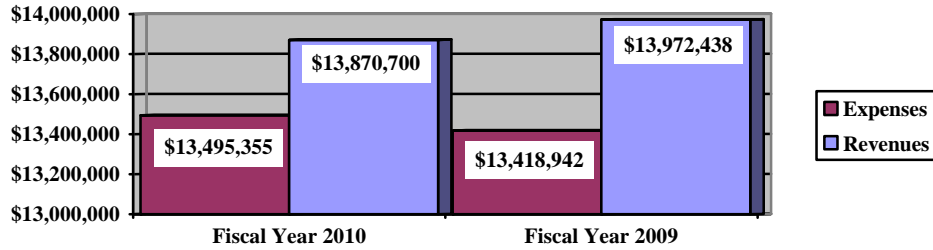
The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,326,266, or 54.29%, of total governmental expenses for fiscal year 2010.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2010 and 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,768,372	\$ 5,084,654	\$ 5,509,880	\$ 5,248,705
Special	1,148,320	899,001	1,379,951	853,101
Vocational	180,543	163,272	165,821	148,593
Other	229,031	222,828	207,834	207,834
Support services:				
Pupil	340,569	340,569	278,560	278,560
Instructional staff	674,001	622,290	606,233	597,233
Board of education	64,458	64,458	50,991	50,991
Administration	957,985	891,655	1,015,488	971,064
Fiscal	424,481	424,481	402,635	392,409
Business	-	-	3,080	3,080
Operations and maintenance	947,383	947,383	1,033,930	1,033,930
Pupil transportation	927,699	901,713	937,044	900,579
Central	79,290	74,290	77,750	72,750
Operation of non-instructional services	1,561	1,561	2,476	2,476
Food service operations	376,157	25,447	377,134	45,765
Extracurricular activities	468,836	259,819	460,386	258,910
Interest and fiscal charges	906,669	906,669	909,749	909,749
<b>Total expenses</b>	<u>\$ 13,495,355</u>	<u>\$ 11,830,090</u>	<u>\$ 13,418,942</u>	<u>\$ 11,975,729</u>

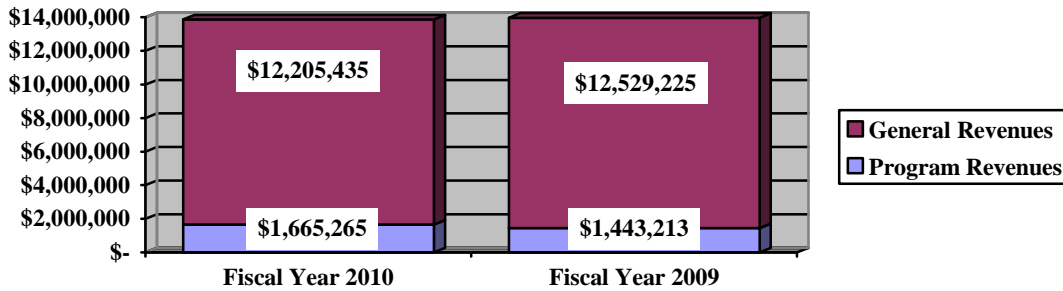
**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The dependence upon tax and other general revenues for governmental activities is apparent, 86.94% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.66%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$14,920,332, which is less than last year's total of \$33,454,953. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and June 30, 2009.

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Decrease	Percentage Change
General	\$ 2,167,017	\$ 2,170,079	\$ (3,062)	(0.14) %
Bond Retirement	580,646	587,573	(6,927)	(1.18) %
Classroom Facilities	11,246,341	28,281,202	(17,034,861)	(60.23) %
Other Governmental	926,328	2,416,099	(1,489,771)	(61.66) %
<b>Total</b>	<b><u>\$ 14,920,332</u></b>	<b><u>\$ 33,454,953</u></b>	<b><u>\$ (18,534,621)</u></b>	<b>(55.40) %</b>

**General Fund**

The District's general fund balance decreased \$3,062.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 4,850,090	\$ 4,903,238	\$ (53,148)	(1.08) %
Earnings on investments	14,710	85,810	(71,100)	(82.86) %
Intergovernmental	5,809,772	6,129,109	(319,337)	(5.21) %
Other revenues	<u>136,696</u>	<u>283,110</u>	<u>(146,414)</u>	(51.72) %
 Total	 <u>\$ 10,811,268</u>	 <u>\$ 11,401,267</u>	 <u>\$ (589,999)</u>	 (5.17) %
<b><u>Expenditures</u></b>				
Instruction	\$ 6,321,643	\$ 6,722,682	\$ (401,039)	(5.97) %
Support services	4,232,760	4,146,995	85,765	2.07 %
Non-instructional services	1,516	2,431	(915)	(37.64) %
Extracurricular activities	247,475	245,464	2,011	0.82 %
Facilities acquisition and construction	<u>1,212</u>	<u>101</u>	<u>1,111</u>	1,100.00 %
 Total	 <u>\$ 10,804,606</u>	 <u>\$ 11,117,673</u>	 <u>\$ (313,067)</u>	 (2.82) %

Revenues of the general fund decreased \$589,899 or 5.17% during fiscal year 2010. Tax revenue decreased \$53,148 or 1.08% due to the phase out of tangible personal property tax. Earnings on investments decreased \$71,100 or 82.86% due to declining interest rates in fiscal year 2010. Intergovernmental revenue decreased \$319,337 or 5.21% due to the recording of foundation revenue in the education stabilization fund (a nonmajor governmental fund).

Expenditures of the general fund decreased \$313,067 or 2.82%, mainly due to the decrease in instruction expenditures of \$401,039 or 5.97%. These expenditures decreased in an effort by the District to remain financially responsible during difficult economic times.

***Bond Retirement Fund***

The bond retirement fund had \$1,314,438 in revenues and \$1,321,365 in expenditures. During fiscal year 2010, the fund balance in the bond retirement fund decreased \$6,927 from \$587,573 to \$580,646.

***Classroom Facilities Fund***

The classroom facilities fund had \$2,669,718 in revenues and \$19,704,579 in expenditures and other financing uses. During fiscal year 2010, the fund balance in the classroom facilities fund decreased \$17,034,861 from \$28,281,202 to \$11,246,341.

***General Fund Budgeting Highlights***

The 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, original budgeted revenues and other financing sources of \$11,191,196 exactly matched the final budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2010 were \$11,123,179. This represents a \$68,017 decrease from final budgeted amounts.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

General fund original appropriations (appropriated expenditures including other financing uses) of \$11,668,205 were decreased to \$10,870,251 in the final budget appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$10,870,252, which approximately matched the final budget.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2010, the District had \$32,132,995 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. This entire amount is reported in governmental activities. The following table shows June 30, 2010 balances compared to June 30, 2009:

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 60,001	\$ 60,001
Land improvements	92,924	110,827
Buildings and improvements	3,229,797	3,362,803
Equipment and furniture	247,469	231,520
Vehicles	384,901	377,663
Construction in progress	28,117,903	6,873,735
Total	\$ 32,132,995	\$ 11,016,549

The overall increase in capital assets of \$21,116,446 is due to capital outlays of \$21,383,740 exceeding depreciation expense of \$258,513 and net disposals of the District during fiscal year 2010 of \$8,781.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2010, the District had \$19,629,996 general obligation bonds outstanding. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2010	2009
General obligation bonds	\$ 19,629,996	\$ 20,099,996
Total	\$ 19,629,996	\$ 20,099,996

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Current Financial Related Activities**

Management believes that the District will remain financially solvent until fiscal year 2011. Without passage of additional operating millage in 2010 or 2011, the District could be in the red in fiscal year 2011 or fiscal year 2012. The citizens of the District renewed a 2.5 mill renewal levy in November, 2009 (five year emergency) which raises \$430,555 per year, and also passed a \$558,000 renewal in May, 2010.

All Ohio public school districts are experiencing financial challenges due to the economy and the State of Ohio's revenue shortfalls, which will affect funding. The District receives about 44% of its general fund revenue via State foundation program payments.

Drastic cuts and phase-outs of business taxes as well as personal income tax cuts have greatly affected the income stream to the State of Ohio, and of all governmental agencies. It is said in physics that for every action, there is an equal and opposite reaction. Many tax related actions have occurred – the equal and opposite reactions continue to be identified and weighed.

Administrators and teachers have written and secured over \$500,000 in governmental and private grants during the 2009/2010 school year. These grants are an important part of maintaining reasonable local funding requests from the community. New money issues have been passed every eight years since 1988 (1996, 2004). The rule of thumb for Ohio public school districts in terms of new money levy requests is about every three to five years.

The Auditor of the State of Ohio audits the District's finances once a year. Two to three auditors from the State Auditor's office conduct a thorough audit, usually taking two to three months. Internal controls are audited, as well as a sample of actual transactions to provide reasonable assurance that the finances of the District are conducted with accuracy and integrity. The District's biggest concern at this point is the economy and the conditions it is creating for constituents and businesses alike.

Today's economic environment is causing stress to governmental and private organizations alike. The District believes past management practices have prepared the District to deal with the challenges before it. While it would not be appropriate to predict a bright financial future at this time, the District hopes it will be able to run quality educational programs for the immediate future. The District remains optimistic that persons and organizations in Ohio which believe in education will prevail in electing state legislators and other pertinent government officials who will adequately fund a constitutionally acceptable system of common schools in Ohio. The voters of the District have certainly accepted their responsibility in supporting their schools.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. James R. Phillips, Treasurer, South Range Local School District, 11822 South Avenue, North Lima, Ohio 44452.



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 16,507,728
Receivables:	
Taxes . . . . .	6,590,994
Accounts. . . . .	8,725
Intergovernmental . . . . .	1,322,020
Materials and supplies inventory. . . . .	13,035
Unamortized bond issue costs . . . . .	266,581
Capital assets:	
Land and construction in progress. . . . .	28,177,904
Depreciable capital assets, net. . . . .	3,955,091
Capital assets, net. . . . .	32,132,995
 Total assets. . . . .	 56,842,078
 <b>Liabilities:</b>	
Accounts payable. . . . .	99,811
Contracts payable. . . . .	249,951
Accrued wages and benefits . . . . .	1,048,558
Pension obligation payable. . . . .	297,296
Intergovernmental payable . . . . .	76,563
Unearned revenue . . . . .	6,091,704
Accrued interest payable . . . . .	64,531
Long-term liabilities:	
Due within one year. . . . .	608,060
Due in more than one year . . . . .	20,181,727
 Total liabilities . . . . .	 28,718,201
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	24,964,210
Restricted for:	
Capital projects . . . . .	329,999
Debt service. . . . .	610,865
Classroom facilities maintenance . . . . .	211,938
State funded programs. . . . .	2,452
Federally funded programs . . . . .	18,974
Public school support . . . . .	25,112
Student activities . . . . .	57,381
Other purposes . . . . .	111,328
Unrestricted. . . . .	1,791,618
 Total net assets . . . . .	 \$ 28,123,877

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 5,768,372	\$ 111,126	\$ 572,592	\$ (5,084,654)
Special . . . . .	1,148,320	4,503	244,816	(899,001)
Vocational . . . . .	180,543	-	17,271	(163,272)
Other . . . . .	229,031	-	6,203	(222,828)
Support services:				
Pupil . . . . .	340,569	-	-	(340,569)
Instructional staff . . . . .	674,001	-	51,711	(622,290)
Board of education . . . . .	64,458	-	-	(64,458)
Administration . . . . .	957,985	-	66,330	(891,655)
Fiscal . . . . .	424,481	-	-	(424,481)
Operations and maintenance . . . . .	947,383	-	-	(947,383)
Pupil transportation . . . . .	927,699	-	25,986	(901,713)
Central . . . . .	79,290	-	5,000	(74,290)
Operation of non-instructional services:				
Other non-instructional services . . . . .	1,561	-	-	(1,561)
Food service operations . . . . .	376,157	226,956	123,754	(25,447)
Extracurricular activities . . . . .	468,836	181,504	27,513	(259,819)
Interest and fiscal charges . . . . .	906,669	-	-	(906,669)
Totals . . . . .	<u>\$ 13,495,355</u>	<u>\$ 524,089</u>	<u>\$ 1,141,176</u>	<u>(11,830,090)</u>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				4,910,970
Special revenue . . . . .				57,480
Debt service . . . . .				1,173,176
Grants and entitlements not restricted to specific programs . . . . .				5,935,657
Investment earnings . . . . .				102,776
Miscellaneous . . . . .				25,376
Total general revenues . . . . .				<u>12,205,435</u>
Change in net assets . . . . .				375,345
<b>Net assets at beginning of year . . . . .</b>				<u>27,748,532</u>
<b>Net assets at end of year . . . . .</b>				<u>\$ 28,123,877</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . . . .	\$ 3,479,832	\$ 580,646	\$ 11,262,221	\$ 1,080,729	\$ 16,403,428
Receivables:					
Taxes . . . . .	5,240,104	1,268,617	-	82,273	6,590,994
Accounts. . . . .	8,725	-	-	-	8,725
Intergovernmental . . . . .	-	-	1,266,960	55,060	1,322,020
Interfund loans. . . . .	18,205	-	-	-	18,205
Materials and supplies inventory. . . . .	5,061	-	-	7,974	13,035
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	104,300	-	-	-	104,300
Total assets . . . . .	<u>\$ 8,856,227</u>	<u>\$ 1,849,263</u>	<u>\$ 12,529,181</u>	<u>\$ 1,226,036</u>	<u>\$ 24,460,707</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 97,541	\$ -	\$ -	\$ 2,270	\$ 99,811
Contracts payable. . . . .	-	-	180,136	69,815	249,951
Accrued wages and benefits. . . . .	1,005,497	-	-	43,061	1,048,558
Pension obligation payable . . . . .	278,311	-	-	18,985	297,296
Intergovernmental payable . . . . .	67,757	-	-	8,806	76,563
Interfund loans payable. . . . .	-	-	-	18,205	18,205
Deferred revenue . . . . .	432,758	94,750	1,102,704	28,075	1,658,287
Unearned revenue. . . . .	4,807,346	1,173,867	-	110,491	6,091,704
Total liabilities. . . . .	<u>6,689,210</u>	<u>1,268,617</u>	<u>1,282,840</u>	<u>299,708</u>	<u>9,540,375</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	67,136	-	5,823,615	288,020	6,178,771
Reserved for materials and supplies inventory. . . . .	5,061	-	-	7,974	13,035
Reserved for debt service . . . . .	-	580,646	-	-	580,646
Reserved for instructional materials . . . . .	104,300	-	-	-	104,300
Unreserved, undesignated, reported in:					
General fund . . . . .	1,990,520	-	-	-	1,990,520
Special revenue funds . . . . .	-	-	-	204,557	204,557
Capital projects funds . . . . .	-	-	5,422,726	425,777	5,848,503
Total fund balances . . . . .	<u>2,167,017</u>	<u>580,646</u>	<u>11,246,341</u>	<u>926,328</u>	<u>14,920,332</u>
Total liabilities and fund balances . . . . .	<u>\$ 8,856,227</u>	<u>\$ 1,849,263</u>	<u>\$ 12,529,181</u>	<u>\$ 1,226,036</u>	<u>\$ 24,460,707</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010

<b>Total governmental fund balances</b>		\$ 14,920,332
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,132,995
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 533,649	
Intergovernmental receivable	1,124,638	
Total		1,658,287
Unamortized bond issuance costs are not recognized in the funds.		266,581
Unamortized premiums on bond issuances are not recognized in the funds.		(266,581)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(64,531)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(717,633)	
General obligation bonds payable	(19,805,573)	
Total		(20,523,206)
<b>Net assets of governmental activities</b>		<b>\$ 28,123,877</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 4,850,090	\$ 1,155,772	\$ -	\$ 56,546	\$ 6,062,408
Tuition . . . . .	88,499	-	-	-	88,499
Earnings on investments . . . . .	14,710	-	81,408	6,658	102,776
Charges for services . . . . .	-	-	-	226,956	226,956
Extracurricular . . . . .	-	-	-	181,504	181,504
Classroom materials and fees . . . . .	25,037	-	-	2,093	27,130
Contributions and donations . . . . .	9,325	-	-	27,513	36,838
Other local revenues . . . . .	13,835	-	-	2,216	16,051
Intergovernmental - state . . . . .	5,809,772	158,666	2,588,310	24,768	8,581,516
Intergovernmental - federal . . . . .	-	-	-	1,034,799	1,034,799
Total revenues . . . . .	<u>10,811,268</u>	<u>1,314,438</u>	<u>2,669,718</u>	<u>1,563,053</u>	<u>16,358,477</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	5,091,446	-	-	520,810	5,612,256
Special . . . . .	835,316	-	-	276,529	1,111,845
Vocational . . . . .	174,971	-	-	-	174,971
Other . . . . .	219,910	-	-	6,239	226,149
Support services:					
Pupil . . . . .	336,152	-	-	-	336,152
Instructional staff . . . . .	612,521	-	-	53,256	665,777
Board of education . . . . .	63,718	-	-	-	63,718
Administration . . . . .	871,337	-	-	74,922	946,259
Fiscal . . . . .	402,785	20,291	-	1,338	424,414
Operations and maintenance . . . . .	956,947	-	-	-	956,947
Pupil transportation . . . . .	923,412	-	-	-	923,412
Central . . . . .	65,888	-	-	11,549	77,437
Operation of non-instructional services:					
Other non-instructional services . . . . .	1,516	-	-	-	1,516
Food service operations . . . . .	-	-	-	367,435	367,435
Extracurricular activities . . . . .	247,475	-	-	210,881	458,356
Facilities acquisition and construction . . . . .	1,212	-	19,209,908	2,034,260	21,245,380
Debt service:					
Principal retirement . . . . .	-	470,000	-	-	470,000
Interest and fiscal charges . . . . .	-	831,074	-	-	831,074
Total expenditures . . . . .	<u>10,804,606</u>	<u>1,321,365</u>	<u>19,209,908</u>	<u>3,557,219</u>	<u>34,893,098</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>6,662</u>	<u>(6,927)</u>	<u>(16,540,190)</u>	<u>(1,994,166)</u>	<u>(18,534,621)</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	-	504,395	504,395
Transfers (out) . . . . .	(9,724)	-	(494,671)	-	(504,395)
Total other financing sources (uses) . . . . .	<u>(9,724)</u>	<u>-</u>	<u>(494,671)</u>	<u>504,395</u>	<u>-</u>
Net change in fund balances . . . . .	(3,062)	(6,927)	(17,034,861)	(1,489,771)	(18,534,621)
<b>Fund balances at beginning of year . . . . .</b>	<u>2,170,079</u>	<u>587,573</u>	<u>28,281,202</u>	<u>2,416,099</u>	<u>33,454,953</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,167,017</u>	<u>\$ 580,646</u>	<u>\$ 11,246,341</u>	<u>\$ 926,328</u>	<u>\$ 14,920,332</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Net change in fund balances - total governmental funds** \$ (18,534,621)

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

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

Capital asset additions	\$	21,383,740	
Current year depreciation		(258,513)	
Total			21,125,227

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (8,781)

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

Taxes		79,218	
Intergovernmental revenue		(2,566,995)	
Total			(2,487,777)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Accretion of interest on "capital appreciation" bonds		(77,095)	
Accrued interest on general obligation bonds		1,500	
Amortization of bond premiums		10,489	
Amortization of issuance costs		(10,489)	
Total			(75,595)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 470,000

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (113,108)

**Change in net assets of governmental activities** \$ 375,345

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 4,879,747	\$ 4,879,747	\$ 4,850,090	\$ (29,657)
Tuition. . . . .	89,040	89,040	88,499	(541)
Earnings on investments . . . . .	14,800	14,800	14,710	(90)
Classroom materials and fees . . . . .	25,190	25,190	25,037	(153)
Contributions and donations . . . . .	604	604	600	(4)
Other local revenues . . . . .	105	105	104	(1)
Intergovernmental - state . . . . .	6,165,063	6,165,063	6,127,593	(37,470)
Total revenues. . . . .	<u>11,174,549</u>	<u>11,174,549</u>	<u>11,106,633</u>	<u>(67,916)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,347,945	4,975,560	5,059,864	(84,304)
Special. . . . .	1,264,077	1,200,159	868,522	331,637
Vocational. . . . .	168,551	155,761	173,774	(18,013)
Other. . . . .	213,728	197,543	219,910	(22,367)
Support services:				
Pupil. . . . .	275,373	250,606	336,517	(85,911)
Instructional staff . . . . .	664,260	618,510	621,637	(3,127)
Board of education . . . . .	47,645	42,586	68,744	(26,158)
Administration. . . . .	974,633	909,276	888,042	21,234
Fiscal . . . . .	390,848	361,403	400,081	(38,678)
Operations and maintenance. . . . .	1,025,171	953,943	967,817	(13,874)
Pupil transportation . . . . .	964,379	896,750	918,924	(22,174)
Central. . . . .	79,214	74,377	65,713	8,664
Operation of non-instructional services . . . . .	2,469	2,353	1,570	783
Extracurricular activities. . . . .	249,812	231,413	249,996	(18,583)
Facilities acquisition and construction . . . . .	100	11	1,212	(1,201)
Total expenditures . . . . .	<u>11,668,205</u>	<u>10,870,251</u>	<u>10,842,323</u>	<u>27,928</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(493,656)</u>	<u>304,298</u>	<u>264,310</u>	<u>(39,988)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	3,561	3,561	3,539	(22)
Transfers (out). . . . .	-	-	(9,724)	(9,724)
Advances in. . . . .	702	702	698	(4)
Advances (out) . . . . .	-	-	(18,205)	(18,205)
Sale of capital assets . . . . .	12,384	12,384	12,309	(75)
Total other financing sources (uses) . . . . .	<u>16,647</u>	<u>16,647</u>	<u>(11,383)</u>	<u>(28,030)</u>
Net change in fund balance . . . . .	(477,009)	320,945	252,927	(68,018)
<b>Fund balance at beginning of year . . . . .</b>	<b>3,052,236</b>	<b>3,052,236</b>	<b>3,052,236</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>114,298</b>	<b>114,298</b>	<b>114,298</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 2,689,525</u></b>	<b><u>\$ 3,487,479</u></b>	<b><u>\$ 3,419,461</u></b>	<b><u>\$(68,018)</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2010

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 60,498
Total assets. . . . .	\$ 60,498
<b>Liabilities:</b>	
Accounts payable. . . . .	\$ 39
Intergovernmental payable . . . . .	4
Due to students. . . . .	60,455
Total liabilities . . . . .	\$ 60,498

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The South Range Local School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District.

The District is the 409<sup>th</sup> largest in the State of Ohio (among the 905 public school districts and community schools in the State) in terms of enrollment. For fiscal year 2010, the District operated 1 elementary school, 1 middle school and 1 comprehensive high school. The District is staffed by 106 certified and 88 classified personnel to provide services to approximately 1,292 students and other community members.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments is a computer network which provides data services to twenty-three school districts. The jointly governed 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 districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS, including budgeting, appropriating, contracting, and designating management. All revenues of ACCESS are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer of the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Youngstown, Ohio, 44512.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possess its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio, 44406.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

*GOVERNMENTAL FUNDS*

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

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

*Bond retirement fund* - A debt service fund provided for the retirement of serial bonds and short term notes and loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, notes, or loans, shall be paid into this fund.

*Classroom facilities fund* - A capital projects fund provided to account for monies received and expended in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) grants and other resources whose use is restricted to a particular purpose; (b) food service operations and uniform school supplies operations; and (c) financial resources to be used for the acquisition, construction, or improvement of capital facilities.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no private-purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

*Government-Wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2010 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificates of estimated resources issued for fiscal year 2010.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
4. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to July 1, 2010; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
7. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2010, investments were limited to repurchase agreements and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The District has invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$14,710, which includes \$3,048 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on both the fund financial statements and the government-wide statements.

On the fund financial statements, reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food, and purchased food.

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000. 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. The District does not possess infrastructure.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable” and “interfund loans payable”. These amounts are eliminated in the governmental activities column on the statement of net assets.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and all employees with at least 20 years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, debt service and instructional materials.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes consist primarily of monies restricted for instructional materials (See Note 15).

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

At June 30, 2010, the District did not have any prepayments.

**O. Estimates**

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

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**P. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

**Q. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a reserve for instructional materials. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 15.

**R. Interfund Activity**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 28,156
Management information system	145
IDEA, part B grants	47,483
Education stabilization	1,900
Title I disadvantaged children	2,573
Drug free school grant	38
Improving teacher quality	103

These funds complied with Ohio State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 Governing 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.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the District had \$1,110 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

**B. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$(1,740,506), exclusive of the \$5,089,776 in repurchase agreements included in investments below. A liability has not been recorded for the negative carrying amount of deposits because there was no actual overdraft due to the “zero-balance” nature of the District’s bank accounts. The negative carrying amount of deposits is due to the “sweeping” of monies into overnight repurchase agreements, which are reported as investments. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, the District’s bank balance of \$28,123 at June 30, 2010 was entirely covered by FDIC.

**C. Investments**

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment</u>	<u>Fair Market Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase agreements	\$ 5,089,776	\$ 5,089,776
STAR Ohio	<u>13,217,846</u>	<u>13,217,846</u>
Total	<u>\$ 18,307,622</u>	<u>\$ 18,307,622</u>

The weighted average maturity of investments is one day.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District’s investments in the federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. The District’s investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment</u>	<u>Fair Market Value</u>	<u>Percent of Total</u>
Repurchase agreements	\$ 5,089,776	27.80
STAR Ohio	13,217,846	72.20
Total	<u>\$ 18,307,622</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ (1,740,506)
Investments	18,307,622
Cash on hand	<u>1,110</u>
Total	<u>\$ 16,568,226</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 16,507,728
Agency fund	<u>60,498</u>
Total	<u>\$ 16,568,226</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the fiscal year ended June 30, 2010 consisted of the following, as reported in the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	\$ 9,724
<u>Transfers from classroom facilities fund to:</u>	
Nonmajor governmental fund	<u>494,671</u>
Total	<u>\$ 504,395</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer of \$494,671 from the classroom facilities fund to the building fund (a nonmajor governmental fund) was for interest that was accrued from the local share related to the District's Ohio School Facilities Commission project.

Interfund transfers between governmental funds are eliminated in the government-wide financial statements.

- B.** Interfund loans at June 30, 2010 consisted of the following, as reported in the fund financial statements:

<u>Interfund loans receivable in the general fund from:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 18,205
Total	<u>\$ 18,205</u>

Interfund loans between governmental funds are eliminated in the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 165,897,090	96.01	\$ 168,279,990	95.98
Public utility personal property	6,560,730	3.80	6,884,420	3.93
Tangible personal property	<u>332,913</u>	<u>0.19</u>	<u>160,490</u>	<u>0.09</u>
Total	<u>\$ 172,790,733</u>	<u>100.00</u>	<u>\$ 175,324,900</u>	<u>100.00</u>

Tax rate per \$1,000 of assessed valuation:

General operations	\$59.40	\$49.10
Bonded debt	7.40	7.60
Permanent improvement	0.50	0.50

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 6,590,994
Accounts	8,725
Intergovernmental	<u>1,322,020</u>
Total	<u>\$ 7,921,739</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2010</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 60,001	\$ -	\$ -	\$ 60,001
Construction in progress	6,873,735	21,244,168	-	28,117,903
Total capital assets, not being depreciated	<u>6,933,736</u>	<u>21,244,168</u>	<u>-</u>	<u>28,177,904</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	646,830	-	-	646,830
Building and improvements	7,328,691	-	-	7,328,691
Furniture and equipment	1,888,207	63,333	-	1,951,540
Vehicles	1,211,499	76,239	(87,811)	1,199,927
Total capital assets, being depreciated	<u>11,075,227</u>	<u>139,572</u>	<u>(87,811)</u>	<u>11,126,988</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(536,003)	(17,903)	-	(553,906)
Building and improvements	(3,965,888)	(133,006)	-	(4,098,894)
Furniture and equipment	(1,656,687)	(47,384)	-	(1,704,071)
Vehicles	(833,836)	(60,220)	79,030	(815,026)
Total accumulated depreciation	<u>(6,992,414)</u>	<u>(258,513)</u>	<u>79,030</u>	<u>(7,171,897)</u>
Governmental activities capital assets, net	<u>\$ 11,016,549</u>	<u>\$ 21,125,227</u>	<u>\$ (8,781)</u>	<u>\$ 32,132,995</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 89,389
Special	15,466
Vocational	3,190
Other	2,882

Support services:

Pupil	4,331
Instructional staff	8,220
Board of education	740
Administration	13,830
Fiscal	6,446
Operations and maintenance	23,053
Pupil transportation	72,613
Central	966
Other non-instructional services	45
Extracurricular activities	10,421
Food service operations	<u>6,921</u>
Total depreciation expense	<u>\$ 258,513</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9 - LONG-TERM OBLIGATIONS**

**A. School Improvement Bonds - Series 2007**

On September 27, 2007, the District issued general obligation bonds to finance building construction and improvements. This issue is comprised of both current interest bonds, par value \$14,490,000, and capital appreciation bonds, par value \$209,990. The interest rates on the current interest bonds range from 4.00% to 4.25%. The capital appreciation bonds mature on December 1, 2014 (effective interest 18.78%) and December 1, 2015 (effective interest 18.78%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$830,000. Total accreted interest of \$129,618 has been included in the statement of net assets at June 30, 2010.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure in the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2036.

The following is a schedule of activity for the series 2007 general obligation bonds:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>General obligation bonds - series 2007</u>				
Current interest bonds	\$ 14,340,000	\$ -	\$ (340,000)	\$ 14,000,000
Capital appreciation bonds	209,990	-	-	209,990
Accreted interest	<u>73,807</u>	<u>55,811</u>	<u>-</u>	<u>129,618</u>
Total	<u>\$ 14,623,797</u>	<u>\$ 55,811</u>	<u>\$ (340,000)</u>	<u>\$ 14,339,608</u>

The following is a summary of the future debt service requirements to maturity for the series 2007 general obligation bonds:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 355,000	\$ 594,737	\$ 949,737	\$ -	\$ -	\$ -
2012	365,000	580,338	945,338	-	-	-
2013	380,000	565,437	945,437	-	-	-
2014	395,000	549,938	944,938	-	-	-
2015	-	542,038	542,038	114,395	300,605	415,000
2016 - 2020	1,750,000	2,573,788	4,323,788	95,595	319,405	415,000
2021 - 2025	2,610,000	2,103,412	4,713,412	-	-	-
2026 - 2030	3,220,000	1,479,212	4,699,212	-	-	-
2031 - 2035	4,010,000	672,750	4,682,750	-	-	-
2036	<u>915,000</u>	<u>20,587</u>	<u>935,587</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,000,000</u>	<u>\$ 9,682,237</u>	<u>\$ 23,682,237</u>	<u>\$ 209,990</u>	<u>\$ 620,010</u>	<u>\$ 830,000</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**B. School Improvement Bonds - Series 2008**

On January 8, 2008, the District issued general obligation bonds to finance building construction and improvements. This issue is comprised of both current interest bonds, par value \$5,600,000, and capital appreciation bonds, par value \$100,006. The interest rates on the current interest bonds range from 3.75% to 4.38%. The capital appreciation bonds mature on December 1, 2014 (effective interest 16.40%) and December 1, 2015 (effective interest 16.40%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$320,000. Total accreted interest of \$45,959 has been included in the statement of net assets at June 30, 2010.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure in the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issues is December 1, 2036.

The following is a schedule of activity for the series 2008 general obligation bonds:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>General obligation bonds - series 2008</u>				
Current interest bonds	\$ 5,450,000	\$ -	\$ (130,000)	\$ 5,320,000
Capital appreciation bonds	100,006	-	-	100,006
Accreted interest	<u>24,675</u>	<u>21,284</u>	<u>-</u>	<u>45,959</u>
Total	<u>\$ 5,574,681</u>	<u>\$ 21,284</u>	<u>\$ (130,000)</u>	<u>\$ 5,465,965</u>

The following is a summary of the future debt service requirements to maturity for the series 2008 general obligation bonds:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 135,000	\$ 217,468	\$ 352,468	\$ -	\$ -	\$ -
2012	140,000	212,311	352,311	-	-	-
2013	145,000	206,968	351,968	-	-	-
2014	150,000	201,436	351,436	-	-	-
2015	-	198,624	198,624	53,936	106,064	160,000
2016 - 2020	675,000	941,818	1,616,818	46,070	113,930	160,000
2021 - 2025	1,000,000	763,184	1,763,184	-	-	-
2026 - 2030	1,225,000	534,135	1,759,135	-	-	-
2031 - 2035	1,510,000	241,660	1,751,660	-	-	-
2036	<u>340,000</u>	<u>7,310</u>	<u>347,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,320,000</u>	<u>\$ 3,524,914</u>	<u>\$ 8,844,914</u>	<u>\$ 100,006</u>	<u>\$ 219,994</u>	<u>\$ 320,000</u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

C. For the fiscal year ended June 30, 2010, the following changes occurred in the governmental activities long-term obligations.

<u>Governmental activities:</u>	Balance <u>06/30/09</u>	Increases	Decreases	Balance <u>06/30/10</u>	Amount Due in <u>One Year</u>
General obligation bonds - series 2007	\$ 14,623,797	\$ 55,811	\$ (340,000)	\$ 14,339,608	\$ 355,000
General obligation bonds - series 2008	5,574,681	21,284	(130,000)	5,465,965	135,000
Compensated absences	<u>604,525</u>	<u>240,485</u>	<u>(127,377)</u>	<u>717,633</u>	<u>118,060</u>
Total	<u>\$ 20,803,003</u>	<u>\$ 317,580</u>	<u>\$ (597,377)</u>	20,523,206	<u>\$ 608,060</u>
Add: Unamortized premium				<u>266,581</u>	
Total amount reported on the statement of net assets				<u>\$ 20,789,787</u>	

Compensated absences will be paid out of the fund from which the employee is paid, which for the District is primarily the general fund.

At June 30, 2010, the District had \$12,727,792 of unspent bond proceeds remaining on the bond issues.

**D. Legal Debt Margins**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at June 30, 2010 are a legal voted debt margin of \$(3,284,553) (including available funds of \$580,646) and a legal unvoted debt margin of \$175,164.

The Ohio Revised Code further provides that when a board of education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that school district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation.

In May 2007, the State Superintendent determined the District to be a "special needs" district.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The 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. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, boilers, electronic data processing equipment and instruments.

The comprehensive commercial insurance coverage limit is \$31,742,842 and a \$7,000,000 annual aggregate. The business auto coverage limit is \$1,000,000 for liability. The District has a liability insurance coverage limit of \$1,000,000 per claim and a \$7,000,000 annual aggregate.

Settled claims have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Mahoning County Employee Insurance Consortium**

The District has joined together with other school districts in Mahoning County to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 12 member school districts. The plan was organized to provide health care and dental benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts and claims flow. The Consortium is responsible for paying health plan claims up to \$135,000 per individual per year. Any claims exceeding the \$185,000 is covered by the District's stop-loss carrier. The consortium has a fund which picks up the \$50,000 difference between the \$135,000 per incident and the \$185,000 stop loss agreement.

The District pays the health insurance premiums for about 93% of medical premiums and 90% of dental premiums. Employees pay a flat rate premium share which varies depending on type of coverage.

The health and dental coverage is administered by Medical Mutual of Ohio, a third party administrator. Anthem Life Insurance Company provides the life insurance coverage on a single provider basis.

**C. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 10 - RISK MANAGEMENT - (Continued)**

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$200,002, \$140,952 and \$134,400, respectively; 40.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

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

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 11 - 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 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 fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$770,739, \$721,566 and \$717,076, respectively; 84.05 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$17,100 made by the District and \$12,214 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

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 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$30,187, \$86,872 and \$91,213, respectively; 40.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$11,894, \$11,600 and \$9,684, respectively; 40.59 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.



**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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 post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$59,288, \$55,505 and \$55,160, respectively; 84.05 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 252,927
Net adjustment for revenue accruals	(295,365)
Net adjustment for expenditure accruals	(126,954)
Net adjustment for other financing sources/uses	1,659
Adjustment for encumbrances	164,671
GAAP basis	\$ (3,062)

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not involved in any material litigation as either plaintiff or defendant.

**NOTE 15 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>
Set-aside balance as of June 30, 2009	\$ 33,000	\$ (19,625,846)
Current year set-aside requirement	217,667	217,667
Current year qualifying expenditures	(146,367)	(1,212)
Total	\$ 104,300	\$ (19,409,391)
Balance carried forward to fiscal year 2011	\$ 104,300	\$ (19,409,391)

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 15 - STATUTORY RESERVES - (Continued)**

The District had qualifying expenditures during the year that reduced the capital maintenance set-aside amount below zero. The District can, and has chosen to, carry forward this excess amount for the capital maintenance set-aside to reduce the set-aside requirements of future years.

A schedule of restricted assets at June 30, 2010 follows:

Amount restricted for instructional materials	<u>\$ 104,300</u>
Total	<u><u>\$ 104,300</u></u>

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non -Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>					
Nutrition Cluster:					
National School Breakfast Program	10.553	\$ 12,464		\$ 12,464	
National School Lunch Program	10.555	93,382	\$ 15,569	93,382	\$ 15,569
Total U.S. Department of Agriculture		<u>105,846</u>	<u>15,569</u>	<u>105,846</u>	<u>15,569</u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>					
Title I, Part A Cluster:					
Title I Grants to Local Education Agencies	84.010	119,880		128,998	
ARRA - Title I Grants to Local Education Agencies, Recovery Act	84.389	22,569		21,570	
Subtotal		<u>142,449</u>		<u>150,568</u>	
Special Education Cluster:					
Special Education - Grants to States	84.027	225,365		230,306	
ARRA - Special Education Grants to States, Recovery Act	84.391	163,882		163,882	
Subtotal		<u>389,247</u>		<u>394,188</u>	
Safe and Drug Free Schools and Communities - State Grants	84.186	619		613	
Safe and Drug Free Schools and Communities - State Grants	84.186	326		3,269	
Subtotal		<u>945</u>		<u>3,882</u>	
Educational Technology State Grants	84.318	131		1,135	
Improving Teacher Quality State Grants	84.367	50,894		50,894	
ARRA - State Fiscal Stabilization Fund (SFSF) - Educatiobn State Grants, Recovery Act	84.394	330,952		330,952	
Total U.S. Department of Education		<u>914,618</u>		<u>931,619</u>	
<b>Total</b>		<u><u>\$ 1,020,464</u></u>	<u><u>\$ 15,569</u></u>	<u><u>\$ 1,037,465</u></u>	<u><u>\$ 15,569</u></u>

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

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

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# Dave Yost • Auditor of State

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

South Range Local School District  
Mahoning County  
11822 South Avenue  
North Lima, Ohio 44452

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 South Range Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

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

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

**Dave Yost**  
Auditor of State

January 31, 2011





# Dave Yost • Auditor of State

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

South Range Local School District  
Mahoning County  
11822 South Avenue  
North Lima, Ohio 44452

To the Board of Education:

### Compliance

We have audited the compliance of South Range Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of South Range Local School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the South Range Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



**Dave Yost**  
Auditor of State

January 31, 2011

**SOUTH RANGE LOCAL SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster, CFDA #'s 84.027, 84.391 State Fiscal Stabilization Fund, CFDA # 84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

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# Dave Yost • Auditor of State

**SOUTH RANGE LOCAL SCHOOL DISTRICT**

**MAHONING COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 29, 2011**