

**PLYMOUTH-SHILOH
LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Education
Plymouth-Shiloh Local School District
365 Sandusky Street
Plymouth, Ohio 44865

We have reviewed the *Independent Auditor's Report* of the Plymouth-Shiloh Local School District, Richland County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Plymouth-Shiloh Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 5, 2012

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**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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JAMES G. ZUPKA, C.P.A., INC.

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Plymouth-Shiloh Local School District
Plymouth, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Plymouth-Shiloh Local School District, Ohio'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Ohio, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, 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.

As discussed in Note 3, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the Plymouth-Shiloh Local School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plymouth-Shiloh Local School District, Ohio's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 1, 2011

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

The management's discussion and analysis of Plymouth-Shiloh 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, 2011. 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 2011 are as follows:

- In total, net assets decreased \$10,930. Net assets of governmental activities decreased \$8,166, which represents a 0.04% decrease from 2010. Net assets of business-type activities decreased \$2,764 or 5.52% from 2010.
- General governmental revenues accounted for \$7,068,122 in revenue or 70.20% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,001,129 or 29.80% of total revenues of \$10,069,251.
- The District had \$10,077,417 in expenses related to governmental activities; only \$3,001,129 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,068,122 were not adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$7,786,631 in revenues and \$7,560,898 in expenditures and other financing uses. The general fund's fund balance increased \$225,733 from a restated balance of \$2,347,055 to a balance of \$2,572,788.
- Net assets for the District's enterprise fund decreased \$2,764. The special enterprises fund had \$9,772 in revenues and \$12,536 in expenses.

Using the 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 is by far the most significant fund, and the only governmental fund reported as a major fund.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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 2011?" 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 District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's special enterprises operations are reported as business activities.

The District's statement of net assets and statement of activities can be found on pages 15-17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds and the analysis of the District's nonmajor enterprise fund begins on page 11. 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 fund is the general fund.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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* that can readily be converted to cash. The governmental fund 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 financial statements. The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement of fiduciary net assets on page 26. 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 27-60 of this report.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

The District as a Whole

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 for 2011 compared to fiscal year 2010.

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current assets	\$ 6,801,272	\$ 7,070,972	\$ 53,496	\$ 52,985	\$ 6,854,768	\$ 7,123,957
Capital assets, net	<u>19,481,336</u>	<u>20,051,876</u>	-	-	<u>19,481,336</u>	<u>20,051,876</u>
Total assets	<u>26,282,608</u>	<u>27,122,848</u>	<u>53,496</u>	<u>52,985</u>	<u>26,336,104</u>	<u>27,175,833</u>
Liabilities						
Current liabilities	2,002,608	2,720,588	6,187	2,912	2,008,795	2,723,500
Long-term liabilities	<u>2,428,901</u>	<u>2,542,995</u>	-	-	<u>2,428,901</u>	<u>2,542,995</u>
Total liabilities	<u>4,431,509</u>	<u>5,263,583</u>	<u>6,187</u>	<u>2,912</u>	<u>4,437,696</u>	<u>5,266,495</u>
Net Assets						
Invested in capital assets, net of debt	17,860,671	18,314,144	-	-	17,860,671	18,314,144
Restricted	1,423,319	1,463,212	-	-	1,423,319	1,463,212
Unrestricted	<u>2,567,109</u>	<u>2,081,909</u>	<u>47,309</u>	<u>50,073</u>	<u>2,614,418</u>	<u>2,131,982</u>
Total net assets	<u>\$ 21,851,099</u>	<u>\$ 21,859,265</u>	<u>\$ 47,309</u>	<u>\$ 50,073</u>	<u>\$ 21,898,408</u>	<u>\$ 21,909,338</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$21,898,408, \$21,851,099 of this total is in governmental activities and \$47,309 is in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the District's net assets. At year-end, capital assets represented 73.97% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$17,860,671 in the governmental activities. These capital assets are used to provide services to 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.

As of June 30, 2011, the District is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

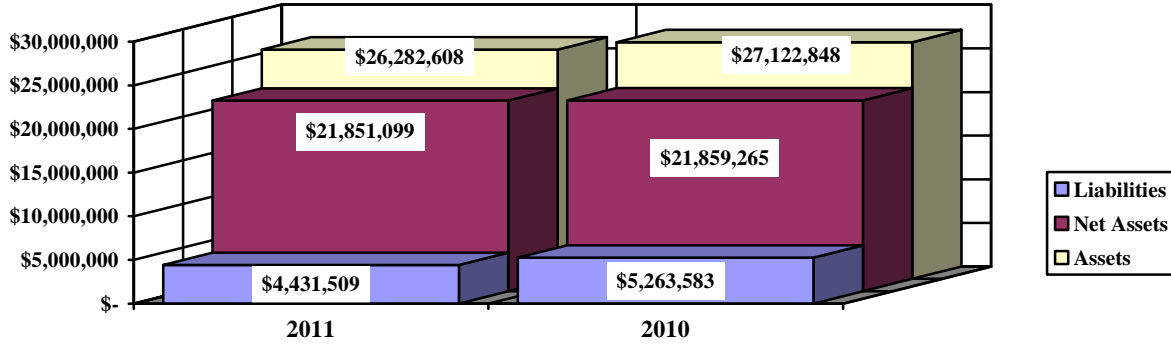
A portion of the District's net assets, \$1,423,319, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$2,567,109 may be used to meet the District's ongoing obligations to the students and creditors.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

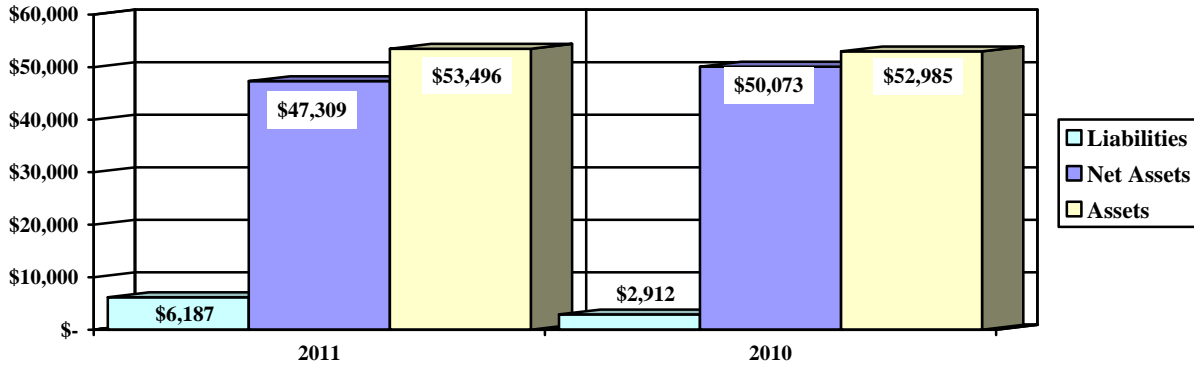
This table below provides a summary of the District's governmental net assets June 30, 2011 and June 30, 2010.

Governmental - Net Assets



This table below provides a summary of the District's business-type net assets June 30, 2011 and June 30, 2010.

Business-Type - Net Assets



**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

The table below shows the change in net assets for governmental activities and business-type activities fiscal year 2011 and 2010. The 2010 balance of operating grants and contributions and general revenues have been restated to conform to 2011 presentation.

	Change in Net Assets					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	Restated <u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	Restated <u>2010</u>
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 695,509	\$ 686,049	\$ -	\$ -	\$ 695,509	\$ 686,049
Operating grants and contributions	2,305,620	2,033,111	9,772	15,765	2,315,392	2,048,876
General revenues:						
Property taxes	1,669,182	1,742,856	-	-	1,669,182	1,742,856
Income taxes	742,204	688,721	-	-	742,204	688,721
Grants and entitlements	4,635,551	4,649,488	-	-	4,635,551	4,649,488
Investment earnings	6,581	11,280	-	-	6,581	11,280
Other	<u>14,604</u>	<u>33,111</u>	<u>-</u>	<u>-</u>	<u>14,604</u>	<u>33,111</u>
Total revenues	<u>10,069,251</u>	<u>9,844,616</u>	<u>9,772</u>	<u>15,765</u>	<u>10,079,023</u>	<u>9,860,381</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	Change in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	3,804,761	3,771,623	-	-	3,804,761	3,771,623
Special	1,028,144	987,847	-	-	1,028,144	987,847
Vocational	199,315	232,965	-	-	199,315	232,965
Other	448,028	530,962	-	-	448,028	530,962
Support services:						
Pupil	446,305	456,602	-	-	446,305	456,602
Instructional staff	574,796	558,980	-	-	574,796	558,980
Board of Education	17,084	21,170	-	-	17,084	21,170
Administration	764,159	756,021	-	-	764,159	756,021
Fiscal	237,252	242,663	-	-	237,252	242,663
Business	3,102	9,507	-	-	3,102	9,507
Operations and maintenance	1,029,561	1,124,358	-	-	1,029,561	1,124,358
Pupil transportation	451,698	502,478	-	-	451,698	502,478
Central	51,591	62,897	-	-	51,591	62,897
Operation of non-instructional service:						
Food service operations	491,140	530,407	-	-	491,140	530,407
Extracurricular activities	399,722	398,296	-	-	399,722	398,296
Interest and fiscal charges	130,759	128,011	-	-	130,759	128,011
Special enterprises	-	-	12,536	5,823	12,536	5,823
Total expenses	<u>10,077,417</u>	<u>10,314,787</u>	<u>12,536</u>	<u>5,823</u>	<u>10,089,953</u>	<u>10,320,610</u>
Extraordinary item	<u>-</u>	<u>799,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>799,775</u>
Changes in net assets	(8,166)	329,604	(2,764)	9,942	(10,930)	339,546
Net assets beginning of year	<u>21,859,265</u>	<u>21,529,661</u>	<u>50,073</u>	<u>40,131</u>	<u>21,909,338</u>	<u>21,569,792</u>
Net assets at end of year	<u>\$ 21,851,099</u>	<u>\$ 21,859,265</u>	<u>\$ 47,309</u>	<u>\$ 50,073</u>	<u>\$ 21,898,408</u>	<u>\$ 21,909,338</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$8,166. Total governmental expenses of \$10,077,417 were offset by program revenues of \$3,001,129 and general revenues of \$7,068,122. Program revenues supported 29.78% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 69.98% of total governmental revenues. Real estate property is reappraised every six years.

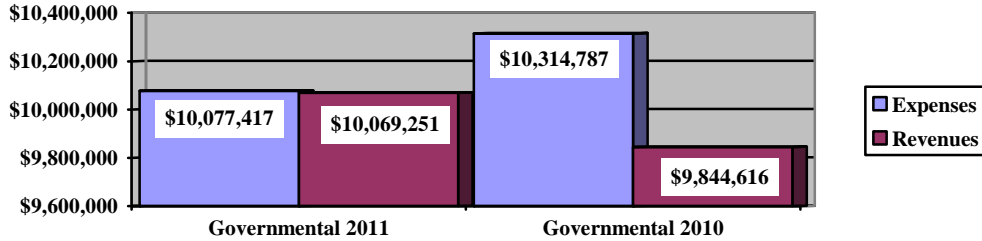
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,480,248 or 54.38% of total governmental expenses for fiscal year 2011.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.

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 2011 compared to 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The 2010 net cost of services for special instruction has been restated to conform to 2011 presentation of PASS funding from the State of Ohio which is reported as an operating grant and contribution offsetting special instruction.

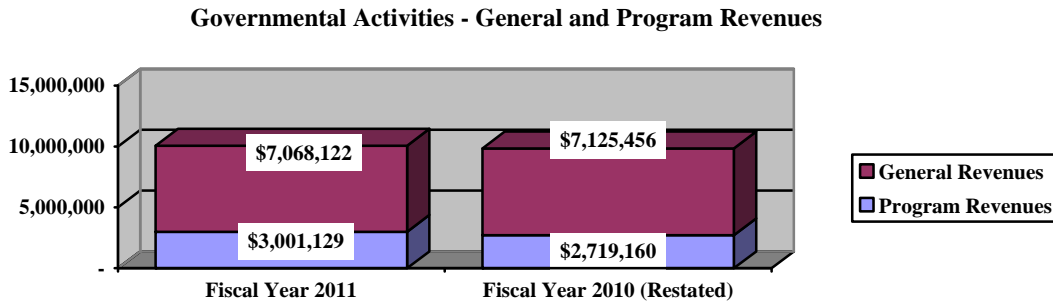
	Governmental Activities			
	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Restated Net Cost of Services <u>2010</u>
Program expenses:				
Instruction:				
Regular	\$ 3,804,761	\$ 2,673,687	\$ 3,771,623	\$ 2,725,927
Special	1,028,144	516,832	987,847	394,614
Vocational	199,315	139,047	232,965	173,808
Other	448,028	434,147	530,962	516,772
Support services:				
Pupil	446,305	348,493	456,602	413,318
Instructional staff	574,796	136,180	558,980	348,765
Board of Education	17,084	17,084	21,170	21,170
Administration	764,159	619,710	756,021	719,645
Fiscal	237,252	232,252	242,663	242,428
Business	3,102	2,723	9,507	6,259
Operations and maintenance	1,029,561	1,028,721	1,124,358	1,090,757
Pupil transportation	451,698	436,192	502,478	423,815
Central	51,591	42,491	62,897	(88)
Operation of non-instructional service:				
Food service operations	491,140	27,902	530,407	97,569
Extracurricular activities	399,722	290,068	398,296	292,857
Interest and fiscal charges	130,759	130,759	128,011	128,011
Total expenses	<u>\$ 10,077,417</u>	<u>\$ 7,076,288</u>	<u>\$ 10,314,787</u>	<u>\$ 7,595,627</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

The dependence upon tax revenues and unrestricted grants and entitlements during fiscal year 2011 for governmental activities is apparent, as 68.68% of 2011 instruction activities are supported through taxes and other general revenues. General revenue support for all governmental activities was 70.22% in 2011.

The graph below presents the District's governmental activities revenue for fiscal year 2011 and 2010.



Business-Type Activities

Business-type activities include the nonmajor special enterprises operation. This program had operating revenues of \$9,772 and operating expenses of \$12,536 for fiscal year 2011. The District's business activities receive no support from tax revenues.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$3,810,733, which is greater than last year's total restated balance of \$3,406,417 (see note 3.B). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance <u>June 30, 2011</u>	(Restated) Fund Balance <u>June 30, 2010</u>	<u>Increase</u>
General	\$ 2,572,788	\$ 2,347,055	\$ 225,733
Other Governmental	<u>1,237,945</u>	<u>1,059,362</u>	<u>178,583</u>
Total	<u>\$ 3,810,733</u>	<u>\$ 3,406,417</u>	<u>\$ 404,316</u>

General Fund

The District's general fund balance increased \$225,733. The increase of 9.73% in tax revenue is due to the increase in real estate and school district income taxes collected during the year. Other revenues increased primarily due to an increase in revenues received related to classroom materials and fees. Earnings on investments decreased 31.60% due to lower interest rates earned on investments. Support services expenditures decreased 6.23% which can be attributed to the District's tight control on wages and benefits. The decrease in facilities acquisition and construction is due to the decrease in capital assets bought by the District during the fiscal year.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

The table that follows assists in illustrating the financial activities of the general fund.

	2011	(Restated) 2010	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 2,272,376	\$ 2,070,873	9.73 %
Tuition	358,915	398,339	(9.90) %
Interest earnings	4,974	7,272	(31.60) %
Intergovernmental	5,082,400	5,167,275	(1.64) %
Other revenues	<u>67,966</u>	<u>54,429</u>	24.87 %
 Total	 <u>\$ 7,786,631</u>	 <u>\$ 7,698,188</u>	 1.15 %
<u>Expenditures</u>			
Instruction	\$ 4,305,365	\$ 4,346,660	(0.95) %
Support services	2,912,398	3,105,791	(6.23) %
Extracurricular activities	233,580	240,770	(2.99) %
Facilities acquisition and construction	20,580	43,190	(52.35) %
Debt service	<u>72,741</u>	<u>71,489</u>	1.75 %
 Total	 <u>\$ 7,544,664</u>	 <u>\$ 7,807,900</u>	 (3.37) %

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.

During the course of fiscal year 2011, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$15,062, above original budgeted revenues estimates of \$7,679,197. Actual revenues and other financing sources for fiscal year 2011 was \$7,691,984. This represents a \$2,275 decrease under final budgeted revenues.

General fund original budgeted expenditures and other financing uses were \$8,302,953 and final budgeted expenditures and other financing uses were \$8,031,062. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$7,890,788, which was \$140,274 less than the final budget appropriations.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the District had \$19,481,336 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This total amount was reported in governmental activities. The following table shows June 30, 2011 balances compared to June 30, 2010:

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

	Governmental Activities	
	2011	2010
Land	\$ 920,356	\$ 920,356
Construction in progress	-	52,523
Land improvements	179,884	207,644
Building and improvements	17,670,580	18,092,530
Furniture and equipment	577,515	674,596
Vehicles	133,001	104,227
Total	\$ 19,481,336	\$ 20,051,876

The overall decrease in capital assets of \$570,540 is due to depreciation expense of \$627,268 and disposals of \$6,777 (net of accumulated depreciation) exceeding capital outlays of \$63,505 in the fiscal year.

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

Debt Administration

At June 30, 2011 the District had \$1,235,985 in general obligation bonds, \$707,000 in lease-purchase agreements and \$39,674 in capital leases outstanding. Of this total, \$112,943 is due within one year and \$1,869,716 is due in greater than one year. The following table summarizes the bonds and leases outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2011	2010
General obligation bonds	\$ 1,235,985	\$ 1,283,898
Lease-purchase agreement	707,000	725,000
Capital lease	39,674	58,077
Total	\$ 1,982,659	\$ 2,066,975

At June 30, 2011 the District's overall legal debt margin was \$5,699,782 with an unvoted debt margin of \$73,498. See Note 12 to the basic financial statements for additional information on the District's debt administration.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

Current Financial Related Activities

The District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed from the community's citizens. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance while continuing to utilize the same levy dollars originally passed in 1992.

The District is committed to living within its financial means, while continuing to maintain the highest standards of service to our students, parents and community. However, the future financial stability of the District is not without challenges.

Declining enrollment over the past years is a trend that has received, and will continue to receive, the attention of the Board and Administration. Reduced student counts lead to staffing cuts, excess building capacity, and less state funding. Each of these factors negatively impacts the operations of the District.

The District will have the resources necessary to meet operating expenses in fiscal year 2012 and has placed a renewal of their 4.6 mil emergency levy renewal in order to provide financial stability over the next five years.

The District has anticipated no growth in State revenue, loss of stimulus funds and possible cuts. The concern is that, to meet the requirements of the court, the State may not have adequate resources to provide the financial needs of the District. As a result, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, 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 Mrs. Brenda Schwamberger, Treasurer, Plymouth-Shiloh Local School District, 365 Sandusky Street, Plymouth, Ohio 44865.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 3,910,268	\$ 53,496	\$ 3,963,764
Cash with escrow agent.	312,992	-	312,992
Receivables:			
Property taxes	2,019,304	-	2,019,304
Income taxes.	265,564	-	265,564
Intergovernmental	203,237	-	203,237
Accrued interest	176	-	176
Prepayments	26,016	-	26,016
Materials and supplies inventory.	44,725	-	44,725
Unamortized bond issuance costs	18,990	-	18,990
Capital assets:			
Land.	920,356	-	920,356
Depreciable capital assets, net.	18,560,980	-	18,560,980
Capital assets, net	<u>19,481,336</u>	<u>-</u>	<u>19,481,336</u>
 Total assets.	 <u>26,282,608</u>	 <u>53,496</u>	 <u>26,336,104</u>
 Liabilities:			
Accounts payable.	43,168	6,187	49,355
Claims payable.	4,907	-	4,907
Accrued wages and benefits	804,981	-	804,981
Accrued interest payable	5,220	-	5,220
Pension obligation payable.	189,308	-	189,308
Unearned revenue	901,207	-	901,207
Intergovernmental payable	53,817	-	53,817
Long-term liabilities:			
Due within one year.	170,089	-	170,089
Due in more than one year	2,258,812	-	2,258,812
 Total liabilities	 <u>4,431,509</u>	 <u>6,187</u>	 <u>4,437,696</u>
 Net Assets:			
Invested in capital assets, net of related debt.	17,860,671	-	17,860,671
Restricted for:			
Capital projects	687,042	-	687,042
Debt service.	282,882	-	282,882
Classroom facilities maintenance	192,296	-	192,296
Locally funded programs	249	-	249
State funded programs.	1,100	-	1,100
Federally funded programs	134,303	-	134,303
Student activities	83,525	-	83,525
Other purposes	41,922	-	41,922
Unrestricted.	<u>2,567,109</u>	<u>47,309</u>	<u>2,614,418</u>
 Total net assets	 <u>\$ 21,851,099</u>	 <u>\$ 47,309</u>	 <u>\$ 21,898,408</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 3,804,761	\$ 364,373	\$ 766,701
Special	1,028,144	13,886	497,426
Vocational	199,315	1,058	59,210
Other	448,028	-	13,881
Support services:			
Pupil.	446,305	-	97,812
Instructional staff	574,796	899	437,717
Board of education	17,084	-	-
Administration.	764,159	29,732	114,717
Fiscal.	237,252	-	5,000
Business.	3,102	-	379
Operations and maintenance	1,029,561	519	321
Pupil transportation.	451,698	-	15,506
Central	51,591	-	9,100
Operation of non-instructional services:			
Food service operations	491,140	175,413	287,825
Extracurricular activities.	399,722	109,629	25
Interest and fiscal charges	130,759	-	-
Total governmental activities	10,077,417	695,509	2,305,620
Business-type activities:			
Special enterprise	12,536	-	9,772
Total business-type activities	12,536	-	9,772
Totals	\$ 10,089,953	\$ 695,509	\$ 2,315,392

General Revenues:

Property taxes levied for:	
General purposes	
Special revenue	
Debt service.	
School district income tax	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Change in net assets	
Net assets at beginning of year	
Net assets at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Assets**

Governmental Activities	Business-Type Activities	Total
\$ (2,673,687)	\$ -	\$ (2,673,687)
(516,832)	-	(516,832)
(139,047)	-	(139,047)
(434,147)	-	(434,147)
(348,493)	-	(348,493)
(136,180)	-	(136,180)
(17,084)	-	(17,084)
(619,710)	-	(619,710)
(232,252)	-	(232,252)
(2,723)	-	(2,723)
(1,028,721)	-	(1,028,721)
(436,192)	-	(436,192)
(42,491)	-	(42,491)
(27,902)	-	(27,902)
(290,068)	-	(290,068)
(130,759)	-	(130,759)
(7,076,288)	-	(7,076,288)
-	(2,764)	(2,764)
-	(2,764)	(2,764)
(7,076,288)	(2,764)	(7,079,052)
1,501,908	-	1,501,908
33,570	-	33,570
133,704	-	133,704
742,204	-	742,204
4,635,551	-	4,635,551
6,581	-	6,581
14,604	-	14,604
7,068,122	-	7,068,122
(8,166)	(2,764)	(10,930)
21,859,265	50,073	21,909,338
\$ 21,851,099	\$ 47,309	\$ 21,898,408

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,859,322	\$ 923,668	\$ 3,782,990
Cash with escrow agent	-	312,992	312,992
Receivables:			
Property taxes	1,801,664	217,640	2,019,304
Income taxes	265,564	-	265,564
Intergovernmental	-	203,237	203,237
Accrued interest	176	-	176
Prepayments	25,546	470	26,016
Materials and supplies inventory	30,798	13,927	44,725
Restricted assets:			
Equity in pooled cash and cash equivalents	25,818	-	25,818
Total assets	<u>\$ 5,008,888</u>	<u>\$ 1,671,934</u>	<u>\$ 6,680,822</u>
Liabilities:			
Accounts payable	\$ 19,325	\$ 23,843	\$ 43,168
Accrued wages and benefits	686,279	118,702	804,981
Compensated absences payable	22,096	-	22,096
Pension obligation payable	161,859	27,449	189,308
Intergovernmental payable	50,284	3,533	53,817
Unearned revenue	802,948	98,259	901,207
Deferred revenue	693,309	162,203	855,512
Total liabilities	<u>2,436,100</u>	<u>433,989</u>	<u>2,870,089</u>
Fund Balances:			
Nonspendable:			
Materials and supplies inventory	30,798	13,927	44,725
Prepays	25,546	470	26,016
Restricted:			
Debt service	-	219,990	219,990
Capital improvements	-	584,168	584,168
Classroom facilities maintenance	-	177,059	177,059
Food service operations	-	21,954	21,954
Targeted academic assistance	-	2,211	2,211
Other purposes	-	58,553	58,553
School bus purchases	25,818	-	25,818
Extracurricular	-	83,525	83,525
Committed:			
Capital improvements	-	102,874	102,874
Student and staff support	83,411	-	83,411
Termination benefits	187,610	-	187,610
Student instruction	5,000	-	5,000
Assigned:			
Student instruction	1,807	-	1,807
Student and staff support	33,658	-	33,658
School supplies	939	-	939
Public school support	44,775	-	44,775
Other purposes	2,715	-	2,715
Unassigned (deficit)	2,130,711	(26,786)	2,103,925
Total fund balances	<u>2,572,788</u>	<u>1,237,945</u>	<u>3,810,733</u>
Total liabilities and fund balances	<u>\$ 5,008,888</u>	<u>\$ 1,671,934</u>	<u>\$ 6,680,822</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$ 3,810,733
<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.		19,481,336
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 775,942	
Intergovernmental receivable	79,570	
Total		855,512
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		96,553
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(5,220)
Unamortized deferred charges are not recognized in the funds.		66,663
Unamortized premiums on bond issuance are not recognized in the funds.		(85,654)
Unamortized bond issuance costs are not recognized in the funds.		18,990
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	(405,155)	
Capital lease obligation	(39,674)	
General obligation bonds payable	(1,235,985)	
Lease-purchase agreement	(707,000)	
Total		(2,387,814)
Net assets of governmental activities		\$ 21,851,099

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 1,530,172	\$ 153,954	\$ 1,684,126
Income taxes	742,204	-	742,204
Tuition	358,915	-	358,915
Charges for services	-	175,413	175,413
Earnings on investments	4,974	1,653	6,627
Classroom materials and fees	21,549	-	21,549
Rental income	519	-	519
Contributions and donations	1,810	25	1,835
Extracurricular	-	107,909	107,909
Other local revenues	44,088	1,720	45,808
Intergovernmental - State	5,082,400	93,964	5,176,364
Intergovernmental - Federal	-	1,693,344	1,693,344
Total revenues	<u>7,786,631</u>	<u>2,227,982</u>	<u>10,014,613</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,726,909	745,846	3,472,755
Special	949,308	62,079	1,011,387
Vocational	195,001	-	195,001
Other	434,147	13,881	448,028
Support services:			
Pupil	382,960	59,985	442,945
Instructional staff	227,766	328,916	556,682
Board of education	17,084	-	17,084
Administration	674,580	73,122	747,702
Fiscal	229,390	2,901	232,291
Business	2,748	354	3,102
Operations and maintenance	887,863	78,290	966,153
Pupil transportation	446,170	-	446,170
Central	43,837	8,000	51,837
Operation of non-instructional services:			
Food service operations	-	432,294	432,294
Extracurricular activities	233,580	115,431	349,011
Facilities acquisition and construction	20,580	1,008	21,588
Debt service:			
Principal retirement	36,403	85,000	121,403
Interest and fiscal charges	36,338	58,526	94,864
Total expenditures	<u>7,544,664</u>	<u>2,065,633</u>	<u>9,610,297</u>
Excess of revenues over expenditures	<u>241,967</u>	<u>162,349</u>	<u>404,316</u>
Other financing sources (uses):			
Transfers in	-	16,234	16,234
Transfers (out)	<u>(16,234)</u>	<u>-</u>	<u>(16,234)</u>
Total other financing sources (uses)	<u>(16,234)</u>	<u>16,234</u>	<u>-</u>
Net change in fund balances	225,733	178,583	404,316
Fund balances at beginning of year (restated).	<u>2,347,055</u>	<u>1,059,362</u>	<u>3,406,417</u>
Fund balances at end of year	<u>\$ 2,572,788</u>	<u>\$ 1,237,945</u>	<u>\$ 3,810,733</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND 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, 2011

Net change in fund balances - total governmental funds	\$	404,316
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 63,505	
Current year depreciation	<u>(627,268)</u>	
Total		(563,763)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(6,777)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(14,944)	
Intergovernmental	<u>68,987</u>	
Total		54,043
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		121,403
In the statement of activities, interest is accrued on outstanding bonds whereas, in governmental funds, an interest expenditure is reported when due.		
Accrued interest	1,191	
Accreted interest on capital appreciation bonds	(37,087)	
Amortization of deferred charges	(5,839)	
Amortization of bond premium	7,503	
Amortization of bond issuance costs	<u>(1,663)</u>	
Total		(35,895)
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.		
		1,067
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>17,440</u>
Change in net assets of governmental activities	\$	<u>(8,166)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND 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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Property taxes	\$ 1,443,286	\$ 1,471,475	\$ 1,445,690	\$ (25,785)
Income taxes	714,121	690,971	715,310	24,339
Tuition	358,318	380,000	358,915	(21,085)
Earnings on investments	5,136	7,003	5,145	(1,858)
Classroom materials and fees	7,890	3,375	7,903	4,528
Rental income	518	125	519	394
Other local revenues	13,891	8,000	13,914	5,914
Intergovernmental - State	5,073,951	5,081,310	5,082,400	1,090
Total revenues	<u>7,617,111</u>	<u>7,642,259</u>	<u>7,629,796</u>	<u>(12,463)</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,847,875	2,813,145	2,706,504	106,641
Special	1,002,468	972,271	952,705	19,566
Vocational	212,712	211,336	202,153	9,183
Other	457,590	448,183	434,875	13,308
Support services:				
Pupil	419,489	369,994	398,665	(28,671)
Instructional staff	259,862	226,285	246,962	(20,677)
Board of education	19,279	18,113	18,322	(209)
Administration	735,774	628,895	699,250	(70,355)
Fiscal	244,643	247,398	232,499	14,899
Business	2,904	8,150	2,760	5,390
Operations and maintenance	1,055,226	1,047,391	1,002,844	44,547
Pupil transportation	502,997	482,576	478,028	4,548
Central	90,910	70,654	86,397	(15,743)
Extracurricular activities	241,226	265,792	229,251	36,541
Facilities acquisition and construction	117,401	174,879	111,573	63,306
Total expenditures	<u>8,210,356</u>	<u>7,985,062</u>	<u>7,802,788</u>	<u>182,274</u>
Excess expenditures over revenues	<u>(593,245)</u>	<u>(342,803)</u>	<u>(172,992)</u>	<u>169,811</u>
Other financing sources (uses):				
Refund of prior year's expenditures	61,086	51,000	61,188	10,188
Transfers (out)	(92,597)	(46,000)	(88,000)	(42,000)
Sale of capital assets	1,000	1,000	1,000	-
Total other financing sources (uses)	<u>(30,511)</u>	<u>6,000</u>	<u>(25,812)</u>	<u>(31,812)</u>
Net change in fund balance	(623,756)	(336,803)	(198,804)	137,999
Fund balance at beginning of year (restated)	2,524,925	2,524,925	2,524,925	-
Prior year encumbrances appropriated	156,128	156,128	156,128	-
Fund balance at end of year	<u>\$ 2,057,297</u>	<u>\$ 2,344,250</u>	<u>\$ 2,482,249</u>	<u>\$ 137,999</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and cash equivalents	\$ 53,496	\$ 101,460
Total assets	<u>53,496</u>	<u>101,460</u>
Liabilities:		
Accounts payable.	6,187	-
Claims payable	<u>-</u>	<u>4,907</u>
Total liabilities	<u>6,187</u>	<u>4,907</u>
Net assets:		
Unrestricted.	<u>47,309</u>	<u>96,553</u>
Total net assets	<u>\$ 47,309</u>	<u>\$ 96,553</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	<u> </u>	<u> </u>
Operating revenues:		
Other	\$ 9,772	\$ 67,867
Total operating revenues	<u>9,772</u>	<u>67,867</u>
Operating expenses:		
Purchased services.	1,900	4,446
Materials and supplies	7,697	-
Other.	2,939	-
Claims	<u>-</u>	<u>45,981</u>
Total operating expenses.	<u>12,536</u>	<u>50,427</u>
Operating income (loss)	<u>(2,764)</u>	<u>17,440</u>
Net assets at beginning of year	<u>50,073</u>	<u>79,113</u>
Net assets at end of year.	<u>\$ 47,309</u>	<u>\$ 96,553</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from other operations	\$ 9,772	\$ 67,867
Cash payments for contractual services	(1,900)	(4,446)
Cash payments for materials and supplies	(4,422)	-
Cash payments for other expenses	(2,939)	-
Cash payments for claims.	-	(46,955)
	511	16,466
Net cash provided by operating activities.	511	16,466
Cash and cash equivalents at beginning of year	52,985	84,994
Cash and cash equivalents at end of year	\$ 53,496	\$ 101,460
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (2,764)	\$ 17,440
Changes in assets and liabilities:		
Increase in accounts payable.	3,275	-
Decrease in claims payable	-	(974)
	3,275	(974)
Net cash provided by operating activities	\$ 511	\$ 16,466

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Agency
Assets:	
Equity in pooled cash and cash equivalents	\$ 20,771
Total assets.	\$ 20,771
Liabilities:	
Due to students.	\$ 20,771
Total liabilities	\$ 20,771

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Plymouth-Shiloh Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. This Board controls the District's 4 instructional/support facilities staffed by 40 classified and 72 certified full-time teaching personnel, who provide services to 878 students and other community members. The District ranks as the 519th by enrollment among 918 public and community school districts in the State and 8th largest in Richland County.

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 and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The District has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The District has elected not to apply this FASB guidance. 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" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed 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 governments 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).

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2011, the District paid \$68,265 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

Pioneer Career and Technology Center (PCTC)

The PCTC is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875.

INSURANCE PURCHASING POOL

Ohio Association of School Business Officials 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 Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrolment fee to the Plan 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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 is the District's major governmental fund:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported 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.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds.

Enterprise Fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has one enterprise fund to account for the special enterprises. This fund is considered a nonmajor enterprise fund.

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental benefits to employees.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 does not have any 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. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

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

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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

All governmental fund types 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

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. Proprietary and 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, is 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, income 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).

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, income taxes, interest, tuition, grants and student fees.

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, 2011, but which were levied to finance fiscal year 2012 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, 2011 are recorded as deferred revenue on the governmental fund financial statements.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

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 (except Agency funds). The specific timetable for fiscal year 2011 is as follows:

1. Prior to January 15, 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.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. 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 is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2011.
4. 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. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

6. 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.
7. Appropriation 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 June 30, 2011; 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.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures 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, including proprietary 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.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2011. 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, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or policy of the Board of Education. Investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$4,974 which includes \$528 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

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 fund financial statements, inventories of proprietary funds are stated at the lower of cost or market.

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 retirements 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 \$5,000. 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.

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:

Description	Governmental Activities Estimated Lives
Land improvements	10 - 20 years
Buildings and improvements	30 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities column on the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. The District had no internal balances at fiscal year end.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

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 severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2011, 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, employees age 50 with at least 10 years of service and all employees with at least twenty years of service 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, 2011 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, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service and enterprise funds are reported on the proprietary fund 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 liability 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. Long-term bonds, capital leases and lease purchase agreements are recognized as a liability on the fund financial statements when due.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

L. Unamortized Bond Issuance Cost/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 bond 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.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 12.C.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

N. Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's proprietary funds are charges for sales and services and other revenues. Operating expenses for the enterprise fund include purchased services and other expenses related to the operations of the special enterprises fund and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

O. 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. The amount restricted for other purposes includes amounts restricted by State statute for school bus purchases and for food service operations.

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

P. 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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

Q. 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.

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a reserve for school bus purchases. This restricted asset is required by State statute. A schedule of statutory set-asides is presented in Note 20.

S. 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 and after nonoperating revenues/expenses in proprietary 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.

T. 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. During fiscal year 2011, neither type of transaction occurred.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 2,149,082	\$ 1,257,335	\$ 3,406,417
Fund reclassifications:			
Public school support fund	45,089	(45,089)	-
Special trust fund	2,904	(2,904)	-
Uniform school supplies fund	274	(274)	-
Termination benefits fund	<u>149,706</u>	<u>(149,706)</u>	<u>-</u>
Total fund reclassifications	<u>197,973</u>	<u>(197,973)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 2,347,055</u>	<u>\$ 1,059,362</u>	<u>\$ 3,406,417</u>

The fund reclassifications did not have an effect on net assets as previously reported.

C. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

Budgetary Basis

	<u>General Fund</u>
Balance at June 30, 2010	\$ 2,525,170
Funds budgeted elsewhere	<u>(245)</u>
Restated balance at July 1, 2010	<u>\$ 2,524,925</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part-B	\$ 22,104
Title I	4,682

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies 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;

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 Treasurer's investment pool (STAR Ohio);
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.

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 \$2,705 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. Cash with Escrow Agent

At fiscal year end, the District had \$312,992 in cash and investments held by U.S. Bank in relation to the lease-purchase agreement discussed in Note 11. This amount is included in the basic financial statements as "cash with escrow agent".

C. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$258. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, all of the District's bank balance of \$127,048 was covered by the FDIC.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	<u>\$ 3,981,572</u>	<u>\$ 3,981,572</u>

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: STAR Ohio was rated AAAM and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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. 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's investment policy addresses concentration of credit risk by encouraging diversification to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 3,981,572</u>	<u>100.00</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. 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 above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 258
Investments	3,981,572
Cash on hand	2,705
Cash with escrow agent	<u>312,992</u>
Total	<u>\$ 4,297,527</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,223,260
Business type activities	53,496
Agency fund	<u>20,771</u>
Total	<u>\$ 4,297,527</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 16,234</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

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 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally 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 were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Richland, Crawford and Huron Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$305,352 in the general fund, \$29,961 in the debt service fund (a nonmajor governmental fund) and \$6,780 in the maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$220,925 in the general fund, \$17,738 in the debt service fund (a nonmajor governmental fund) and \$3,462 in the maintenance fund (a nonmajor governmental fund). 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 delinquent tangible personal property taxes which are measurable as of June 30, 2011 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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 70,356,950	96.53	\$ 70,749,040	96.26
Public utility personal	2,532,870	3.47	2,748,650	3.74
Tangible personal property	<u>-</u>	<u>-</u>	<u>290</u>	<u>-</u>
Total	<u>\$ 72,889,820</u>	<u>100.00</u>	<u>\$ 73,497,980</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$32.80		\$33.00	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax at the May 8, 1990 election that became effective January 1, 1991. This tax is effective indefinitely. School district income tax revenue received by the general fund during fiscal year 2011 was \$742,204.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accrued interest 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:	
Property taxes	\$ 2,019,304
Income taxes	265,564
Intergovernmental	203,237
Accrued interest	<u>176</u>
Total	<u>\$ 2,488,281</u>

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/11</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 920,356	\$ -	\$ -	\$ 920,356
Construction in progress	<u>52,523</u>	<u>6,751</u>	<u>(59,274)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>972,879</u>	<u>6,751</u>	<u>(59,274)</u>	<u>920,356</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	544,026	-	-	544,026
Buildings and improvements	21,021,169	59,274	-	21,080,443
Furniture and equipment	1,478,881	-	(1,937)	1,476,944
Vehicles	<u>743,684</u>	<u>56,754</u>	<u>(9,154)</u>	<u>791,284</u>
Total capital assets, being depreciated	<u>23,787,760</u>	<u>116,028</u>	<u>(11,091)</u>	<u>23,892,697</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(336,382)	(27,760)	-	(364,142)
Buildings and improvements	(2,928,639)	(481,224)	-	(3,409,863)
Furniture and equipment	(804,285)	(95,339)	195	(899,429)
Vehicles	<u>(639,457)</u>	<u>(22,945)</u>	<u>4,119</u>	<u>(658,283)</u>
Total accumulated depreciation	<u>(4,708,763)</u>	<u>(627,268)</u>	<u>4,314</u>	<u>(5,331,717)</u>
Governmental activities capital assets, net	<u>\$ 20,051,876</u>	<u>\$ (504,489)</u>	<u>\$ (66,051)</u>	<u>\$ 19,481,336</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 318,899
Special	21,846
Vocational	26,101

Support services:

Pupil	2,838
Instructional staff	20,490
Administration	16,380
Fiscal	1,577
Operations and maintenance	93,888
Pupil transportation	7,411
Extracurricular activities	50,928
Food service operations	<u>66,910</u>
Total depreciation expense	<u>\$ 627,268</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years the District entered into capitalized leases for the acquisition of computers and monitors. These lease agreements meet the criteria of capital leases as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets acquired by lease have been originally capitalized in the amount of \$92,245, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2011 was \$55,347, leaving a current book value of \$36,898. Principal payments in the 2011 fiscal year totaled \$18,403. This amount is reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 21,396
2013	<u>21,396</u>
Total minimum lease payments	42,792
Less: amount representing interest	<u>(3,118)</u>
Total	<u>\$ 39,674</u>

NOTE 11 - LEASE-PURCHASE AGREEMENT

During fiscal years 2007 and 2008, the District entered into two lease-purchase agreements with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the local share of the Ohio School Facilities Commission project. U.S. Bank has been designated as a trustee for the agreements. These leases meet the criteria of a lease-purchase as defined by FASB Statement No. 13, "Accounting for Leases", which defines a lease-purchase generally as one which transfers benefits and risks of ownership to the lessee. These leases were used for school facility improvements and the purchase of land. Assets related to the lease-purchase agreements have been capitalized in the amount of \$460,000. The outstanding liability associated with these assets was \$427,000 at June 30, 2011. As of June 30, 2011, \$296,000 of the lease-purchase agreement proceeds remained unspent. The liability associated with the unspent proceeds was \$280,000. Lease-purchase payments have been reflected as debt service expenditures in the general fund. Principal and interest payments in fiscal year 2011 totaled \$18,000 and \$34,298, respectively.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 11 - LEASE-PURCHASE AGREEMENT - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2011.

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2012	\$ 51,995
2013	52,108
2014	52,198
2015	52,212
2016	51,204
2017 - 2021	260,147
2022 - 2026	256,633
2027 - 2031	253,830
2032 - 2035	<u>142,642</u>
Total minimum lease payments	1,172,969
Less: amount representing interest	<u>(465,969)</u>
Present value of minimum lease payments	<u>\$ 707,000</u>

NOTE 12 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2000, the District issued \$1,761,000 in general obligation bonds to provide long-term financing for the renovation of the elementary school and the construction of a new middle school/ high school building. These bonds bear an annual interest rate of 5.0% and mature in fiscal year 2017.

During fiscal year 2007, the District refunded \$875,000 of the current interest bonds.

Payments of principal and interest relating to this liability are recorded as an expenditure in the debt service fund. The unmatured obligation at year end is accounted for in the governmental activities long-term obligations.

The following is a schedule of activity for fiscal year 2011 on the Series 2000 general obligation refunding bonds:

	Interest <u>Rate</u>	Maturity <u>Date</u>	Balance Outstanding <u>06/30/10</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/11</u>	Amounts Due in <u>One Year</u>
General obligation bond payable - Facilities Building	5.00%	12/01/16	\$ 410,000	\$ -	\$ (65,000)	\$ 345,000	\$ -

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds:

Fiscal Year <u>Ending June 30,</u>	Principal on <u>Bond</u>	Interest on <u>Bond</u>	<u>Total</u>
2012	\$ -	\$ 24,840	\$ 24,840
2013	-	24,840	24,840
2014	75,000	22,140	97,140
2015	85,000	16,380	101,380
2016	90,000	6,800	96,800
2017	<u>95,000</u>	<u>6,700</u>	<u>101,700</u>
Total	<u>\$ 345,000</u>	<u>\$ 101,700</u>	<u>\$ 446,700</u>

- B.** On October 26, 2006, the District issued general obligation bonds (Series 2007 General Obligation Refunding Bonds) to advance refund the callable portion of the Series 2000 Current Interest General Obligation Bonds (principal \$875,000). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$850,000, and capital appreciation bonds, par value \$25,000. The capital appreciation bonds mature December 1, 2011 and December 1, 2012 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 \$175,000. Total accreted interest of \$100,985 has been included in the statement of activities.

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, 2022.

The following is a schedule of activity for fiscal year 2011 on the Series 2007 general obligation refunding bonds:

	Balance <u>06/30/10</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/11</u>	Amounts Due in <u>One Year</u>
Current interest bonds	\$ 785,000	\$ -	\$ (20,000)	\$ 765,000	\$ -
Capital appreciation bonds	25,000	-	-	25,000	15,000
Accreted interest	<u>63,898</u>	<u>37,087</u>	<u>-</u>	<u>100,985</u>	<u>60,600</u>
Total G.O. bonds	<u>\$ 873,898</u>	<u>\$ 37,087</u>	<u>\$ (20,000)</u>	<u>\$ 890,985</u>	<u>\$ 75,600</u>

The reacquisition price exceeded the net carrying amount of the old debt by \$93,912. The amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ -	\$ 31,450	\$ 31,450	\$ 15,000	\$ 75,000	\$ 90,000
2013	-	31,450	31,450	10,000	75,000	85,000
2014	10,000	31,250	41,250	-	-	-
2015	10,000	30,850	40,850	-	-	-
2016	10,000	30,650	40,650	-	-	-
2017 - 2021	470,000	120,963	590,963	-	-	-
2022 - 2023	265,000	16,200	281,200	-	-	-
Total	\$ 765,000	\$ 292,813	\$ 1,057,813	\$ 25,000	\$ 150,000	\$ 175,000

C. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding 06/30/10	Additions	Reductions	Balance Outstanding 06/30/11	Amount Due in One Year
Governmental activities:					
General obligation bonds payable - Series 2000	\$ 410,000	\$ -	\$ (65,000)	\$ 345,000	\$ -
General obligation bonds payable - Series 2007	873,898	37,087	(20,000)	890,985	75,600
Lease purchase agreement	725,000	-	(18,000)	707,000	18,000
Capital leases	58,077	-	(18,403)	39,674	19,343
Compensated absences	455,365	70,733	(98,847)	427,251	57,146
Total governmental activities long-term liabilities	<u>\$ 2,522,340</u>	<u>\$ 107,820</u>	<u>\$ (220,250)</u>	2,409,910	<u>\$ 170,089</u>
				Less: Deferred charge on refunding	(66,663)
				Add: Unamortized premium	85,654
				Total on statement of net assets	<u>\$ 2,428,901</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

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 margin 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 calculation 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, 2011, are a voted debt margin of \$5,699,782 (including available funds of \$219,990) and an unvoted debt margin of \$73,498.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 15 to 20 days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who can accumulate vacation for up to 3 years at the end of his contract, and the Treasurer who can accumulate vacation for up to 2 years at the end of her contract. Teachers do not earn vacation time. Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund, and the following nonmajor governmental funds: Title VI-B, Title I and the food service fund.

For fiscal year 2011, administrators, teachers and classified employees earn sick leave at a rate of 25.64% of sick leave balance to a maximum of 80 days. Payment of severance shall be paid at time of retirement after all requirements of eligibility have been met.

Calamity days are paid for certified, cooks and bus driver employees. Up to five days per year are provided under this benefit.

Personal leave days are available to all employees at the rate of three days annually. Any unused personal days are converted to sick days.

NOTE 14 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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. During fiscal year 2011, the District contracted with a commercial insurer for building and personal property coverage in the blanket amount of \$29,800,275, 100% coinsurance, replacement cost endorsement and a \$1,000 deductible.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 14 - RISK MANAGEMENT - (Continued)

Vehicles are covered by a policy, which provides for a \$500 deductible for comprehensive and a \$500 deductible for collision. Vehicle liability has a \$2,000,000 combined single limit of liability. The District maintains coverage of \$1,000,000 for uninsured/underinsured motorists.

The general liability coverage involves a \$2,000,000 single occurrence limit and \$4,000,000 general aggregate limit with no deductible. An umbrella liability coverage is provided above the previously stated base liability coverages for general and fleet liability in the amount of \$10,000,000 with no deductible.

Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer, Superintendent and Board President in the amount of \$25,000. An employee blanket dishonesty bond in the amount of \$25,000 is provided to cover all other employees of the District.

C. Workers' Compensation

During fiscal year 2011, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). 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. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provided administrative, cost control and actuarial services to the GRP.

D. Employee Group Life, Medical, Dental, and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through American General in the amount of \$20,000; the Superintendent and Treasurer's coverage is in the amount of \$50,000.

The District has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. The premium for single coverage is \$476.24 and \$1,285.81 for family. Employees pay 12.5% of the premium per negotiated union contracts and cannot be raised, except through negotiated agreement. The medical plan and prescription drug card are administered by Medical Mutual of Ohio located in Cleveland, Ohio.

The District provides dental coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is \$25.00 for single and \$67.00 for family coverage. This premium includes the employee portion, which is paid by the District.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 14 - RISK MANAGEMENT - (Continued)

The claims liability of \$4,907 reported in the fund at June 30, 2011, is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District’s third party administrator. Changes in the fund’s claims liability for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2011	\$ 5,881	\$ 45,981	\$ (46,955)	\$ 4,907
2010	5,900	58,581	(58,600)	5,881

The District also provides vision coverage for its employees on a fully-insured basis through Reliance Standard. The total monthly premium is \$11.36 for single coverage and \$25.20 for family coverage. This premium includes the employee portion, which is paid by the District. This amount is also capped by negotiated union contracts and cannot be raised, except through negotiated agreement.

The above employee portions of premiums for medical, dental and vision insurance are for full-time employees. Current part-time employees already enrolled in the plan may pay pro-rated premiums for coverage; however, new staff must be full-time to be eligible for coverage.

NOTE 15 - 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, under “*Media/Financial Reports*”.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - PENSION PLANS - (Continued)

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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$129,430, \$139,977 and \$96,829, respectively; 52.25 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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 website at www.strsoh.org, under "Publications".

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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 15 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2011, 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, 2011, 2010 and 2009 were \$486,234, \$483,644 and \$462,059, respectively; 83.09 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$642 made by the District and \$458 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, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 16 - 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 Section 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 2011 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, under "*Media/Financial Reports*".

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2011, 1.43 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 2011, 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, 2011, 2010 and 2009 were \$32,031, \$21,016 and \$64,886, respectively; 52.25 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, 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, 2011, 2010, and 2009 were \$8,329, \$8,324 and \$7,989, respectively; 52.25 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 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, 2011, 2010 and 2009 were \$37,403, \$37,203 and \$35,543, respectively; 83.09 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 17 - 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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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	\$ (198,804)
Net adjustment for revenue accruals	111,895
Net adjustment for expenditure accruals	192,392
Net adjustment for other sources/uses	(62,188)
Funds budgeted elsewhere	37,821
Adjustment for encumbrances	144,617
 GAAP basis	 \$ 225,733

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, the special trust fund, the uniform school supplies fund and the termination benefits fund.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 18 - 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 party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

NOTE 19 - GROUP PURCHASING POOL

The District is a member of the Metropolitan Educational Council (MEC) purchasing group. The following items are purchased through this group discount program; custodial products, food service products, audio visual bulbs, and certain paper products. The MEC also provides a Self-Help Gas Program where members save significant amounts on natural gas purchases.

NOTE 20 - SET-ASIDES

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 20 - SET-ASIDES - (Continued)

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	124,630	124,630
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(84,423)	(154,532)
Excess qualified expenditures from prior years	(377,412)	-
Current year offsets	-	(26,402)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (337,205)</u>	<u>\$ (56,304)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

In addition to the above statutory set-asides, the District also has \$25,818 in monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for school bus purchases	<u>\$ 25,818</u>
Total restricted cash	<u>\$ 25,818</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 21 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year - End Encumbrances</u>
General fund	\$ 125,157
Other governmental	<u>28,409</u>
Total	<u>\$ 153,566</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Non-Cash Receipts	Receipts	Non-Cash Expenditures	Expenditures
U.S. Department of Agriculture					
Passed through State Department of Education					
<i>Child Nutrition Cluster</i>					
National School Breakfast Program	10.553	\$ 65,949	\$ 0	\$ 65,949	\$ 0
National School Lunch Program - See Note 2	10.555	<u>188,142</u>	<u>44,001</u>	<u>188,142</u>	<u>44,001</u>
<i>Total Child Nutrition Cluster</i>		<u>254,091</u>	<u>44,001</u>	<u>254,091</u>	<u>44,001</u>
Total U.S. Department of Agriculture		<u>254,091</u>	<u>44,001</u>	<u>254,091</u>	<u>44,001</u>
U.S. Department of Education					
Passed through State Department of Education					
<i>Title I Cluster:</i>					
Title I - Grants to Local Educational Agencies - Part A, ESEA - FY10	84.010	44,278	0	45,413	0
Title I - Grants to Local Educational Agencies - Part A, ESEA - FY11	84.010	281,160	0	276,680	0
ARRA - Title I - Grants to Local Educational Agencies - Part A, ESEA, Recovery Act	84.389	9,896	0	13,823	0
ARRA - Title I - Grants to Local Educational Agencies - Part A, ESEA, Recovery Act	84.389	<u>72,124</u>	<u>0</u>	<u>70,359</u>	<u>0</u>
<i>Total Title I Cluster</i>		<u>407,458</u>	<u>0</u>	<u>406,275</u>	<u>0</u>
<i>Special Education Cluster:</i>					
Title VI-B - Special Education Grants to States - IDEA Part B - FY10	84.027	6,675	0	6,746	0
Title VI-B - Special Education Grants to States - IDEA Part B - FY11	84.027	183,354	0	182,023	0
ARRA -Special Education Grants to States - IDEA Part B, Recovery Act	84.391	0	0	3,785	0
ARRA - Special Education Grants to States - IDEA Part B, Recovery Act	84.391	<u>7,493</u>	<u>0</u>	<u>7,493</u>	<u>0</u>
<i>Total Special Education Cluster</i>		<u>197,522</u>	<u>0</u>	<u>200,047</u>	<u>0</u>
Education Jobs Fund - FY11	84.410	<u>159,482</u>	<u>0</u>	<u>156,468</u>	<u>0</u>
Title II - Education Technology State Grants - FY10	84.318	0	0	2,287	0
Title II - Education Technology State Grants - FY11	84.318	<u>1,136</u>	<u>0</u>	<u>1,136</u>	<u>0</u>
<i>Total CFDA 84.318</i>		<u>1,136</u>	<u>0</u>	<u>3,423</u>	<u>0</u>
Title II, Part A - Improving Teacher Quality State Grants - FY10	84.367	11,164	0	12,705	0
Title II, Part A - Improving Teacher Quality State Grants - FY11	84.367	<u>59,850</u>	<u>0</u>	<u>57,670</u>	<u>0</u>
<i>Total CFDA #84.367</i>		<u>71,014</u>	<u>0</u>	<u>70,375</u>	<u>0</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	<u>401,503</u>	<u>0</u>	<u>401,503</u>	<u>0</u>
Total U.S. Department of Education		<u>1,238,115</u>	<u>0</u>	<u>1,238,091</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,492,206</u>	<u>\$ 44,001</u>	<u>\$ 1,492,182</u>	<u>\$ 44,001</u>

See accompanying notes to Supplemental Schedule of Expenditures of Federal Awards.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Plymouth-Shiloh Local School District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: NONCASH SUPPORT

The District receives noncash support in the form of food subsidies from the National School Lunch Program (NSLP), CFDA 10.555. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers.

NOTE 3: INTERFUND TRANSFERS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. During fiscal year 2011, the District had no ODE authorized transfers.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Plymouth-Shiloh Local School District
Plymouth, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Plymouth-Shiloh Local School District, Ohio's basic financial statements and have issued our report thereon dated December 1, 2011, wherein we noted that the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plymouth-Shiloh Local School District, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plymouth-Shiloh Local School District, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plymouth-Shiloh Local School District, Ohio'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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plymouth-Shiloh Local School District, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, the District's Audit Committee, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 1, 2011

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Education
Plymouth-Shiloh Local School District
Plymouth, Ohio

Compliance

We have audited the Plymouth-Shiloh Local School District, Richland County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Plymouth-Shiloh Local School District, Ohio's major federal programs for the year ended June 30, 2011. The Plymouth-Shiloh Local School District, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Plymouth-Shiloh Local School District, Ohio's management. Our responsibility is to express an opinion on the Plymouth-Shiloh Local School District, Ohio's compliance based on our audit.

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

In our opinion, the Plymouth-Shiloh Local School District, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

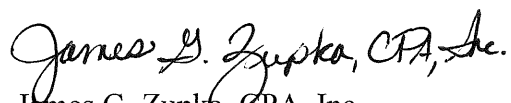
Internal Control Over Compliance

Management of the Plymouth-Shiloh Local School District, Ohio, 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 Plymouth-Shiloh Local School District, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Plymouth-Shiloh Local School District, Ohio'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Education, the District's Audit Committee, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 1, 2011

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
 RICHLAND COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 & .505
 JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

2011(i)	Type of Financial Statement Opinion	Unqualified
2011(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2011(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2011(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2011(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2011(iv)	Were there any other significant deficiencies in Internal control reported for major federal programs?	No
2011(v)	Type of Major Program's Compliance Opinion	Unqualified
2011(vi)	Are there any reportable findings under .510?	No
2011(vii)	Major Programs (list): Title I Cluster: Title I - Grants to Local Educational Agencies - CFDA #84.010 ARRA - Title I - Grants to Local Educational Agencies - CFDA #84.389 ARRA - State Fiscal Stabilization Fund - #84.394	
2011(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2011(ix)	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.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2011**

The prior audit report, as of June 30, 2010, included no citations or instances of noncompliance or management letter recommendations.

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

Plymouth-Shiloh Local School District
Richland County
Plymouth, Ohio

To the Board of Education:

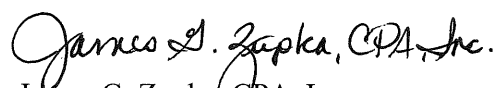
Ohio Revised Code Section 117.53 states, "the Auditor of State shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall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

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

1. We noted the Board amended its anti-harassment policy in May 2010 to include violence within a dating relationship within its definition of harassment, intimidation, or bullying. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.666.

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

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 1, 2011

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Dave Yost • Auditor of State

PLYMOUTH SHILOH LOCAL SCHOOL DISTRICT

RICHLAND 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
JANUARY 19, 2012