



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike-Delta-York Local School District, Fulton County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pike-Delta-York Local School District, Fulton County, Ohio, as of June 30, 2012, and the respective changes in cash financial position, thereof, and the budgetary comparison for the General fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the School District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards receipts and expenditures schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

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

Dave Yost
Auditor of State

March 6, 2013

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of Pike-Delta-York Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2012 are as follows:

In total, net assets decreased \$5,567,413, or 53 percent. Most of this decrease is related to resources spent on the school construction project.

The School District's general receipts, those being primarily property taxes and unrestricted state entitlements, were over 80 percent of the total cash received during the fiscal year.

Using the Basic Financial Statements

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

The School District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

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

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2012, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

Reporting the School District's Most Significant Funds

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2012 and fiscal year 2011:

| Table 1 Net Assets | | Governmental Activities | |
|---------------------------|-------------|----------------------------|---------------|
| | 2012 | 2011 | Change |
| <u>Assets:</u> | | | |
| Cash and Cash Equivalents | \$4,959,955 | \$10,527,368 | (\$5,567,413) |
| | | | |
| <u>Net Assets:</u> | | | |
| Restricted | 3,924,075 | 8,543,538 | (4,619,463) |
| Unrestricted | 1,035,880 | 1,983,830 | (947,950) |
| Total Net Assets | \$4,959,955 | \$10,527,368 | (\$5,567,413) |

As mentioned previously, total net assets decreased 53 percent from the prior fiscal year. Most of this decrease can be attributed to spending restricted resources on the school construction project. The remainder of the decrease is generally due to cash carryover spending in the General Fund.

Table 2 reflects the changes in net assets for fiscal year 2012 and fiscal year 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Table 2
Changes in Net Assets

| | Governmental Activities | | |
|---|-------------------------|-------------------|--------------------|
| | 2012 | 2011 | Change |
| <u>Receipts:</u> | | | |
| Program Receipts | | | |
| Charges for Services | \$970,308 | \$1,040,315 | (\$70,007) |
| Operating Grants, Contributions, and Interest | 1,832,312 | 1,593,141 | 239,171 |
| Capital Grants and Contributions | 119,708 | 21,262 | 98,446 |
| Total Program Receipts | <u>2,922,328</u> | <u>2,654,718</u> | <u>267,610</u> |
| General Receipts | | | |
| Property Taxes Levied for General Purposes | 3,489,294 | 3,199,581 | 289,713 |
| Property Taxes Levied for Debt Service | 1,234,154 | 1,283,857 | (49,703) |
| Property Taxes Levied for Maintenance | 64,188 | 66,329 | (2,141) |
| Payment in Lieu of Taxes | 34,396 | 34,152 | 244 |
| Grants and Entitlements | 7,044,576 | 11,025,755 | (3,981,179) |
| Interest | 55,696 | 56,829 | (1,133) |
| Gifts and Donations | | 1,900 | (1,900) |
| Miscellaneous | 102,548 | 128,373 | (25,825) |
| Sale of Capital Assets | 500 | 568 | (68) |
| Total General Receipts | <u>12,025,352</u> | <u>15,797,344</u> | <u>(3,771,992)</u> |
| Total Receipts | <u>14,947,680</u> | <u>18,452,062</u> | <u>(3,504,382)</u> |

(continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Table 2
Change in Net Assets
(continued)

| | Governmental Activities | | |
|--|-------------------------|---------------------|----------------------|
| | 2012 | 2011 | Change |
| <u>Disbursements:</u> | | | |
| Instruction: | | | |
| Regular | \$6,309,038 | \$6,375,476 | \$66,438 |
| Special | 1,953,411 | 1,766,240 | (187,171) |
| Vocational | 124,433 | 126,034 | 1,601 |
| Support Services: | | | |
| Pupils | 623,013 | 692,088 | 69,075 |
| Instructional Staff | 601,910 | 564,502 | (37,408) |
| Board of Education | 24,355 | 31,602 | 7,247 |
| Administration | 1,059,340 | 1,028,892 | (30,448) |
| Fiscal | 383,429 | 358,381 | (25,048) |
| Business | 12,340 | 12,602 | 262 |
| Operation and Maintenance of Plant | 1,269,221 | 1,403,193 | 133,972 |
| Pupil Transportation | 743,343 | 964,463 | 221,120 |
| Central | 78,357 | 126,640 | 48,283 |
| Non-Instructional Activities | 471,331 | 472,589 | 1,258 |
| Extracurricular Activities | 545,575 | 584,311 | 38,736 |
| Capital Outlay | 4,883,145 | 12,771,687 | 7,888,542 |
| Debt Service: | | | |
| Principal Retirement | 270,005 | 725,000 | 454,995 |
| Interest and Fiscal Charges | 597,852 | 612,614 | 14,762 |
| Interest on Capital Appreciation Bonds | 564,995 | | (564,995) |
| Total Disbursements | <u>20,515,093</u> | <u>28,616,314</u> | <u>8,101,221</u> |
| Decrease in Net Assets | (5,567,413) | (10,164,252) | 4,596,839 |
| Net Assets at Beginning of Year | <u>10,527,368</u> | <u>20,691,620</u> | <u>(10,164,252)</u> |
| Net Assets at End of Year | <u>\$4,959,955</u> | <u>\$10,527,368</u> | <u>(\$5,567,413)</u> |

The above table reflects a 19 percent decrease in receipts for fiscal year 2012 and was generally due to the decrease in unrestricted grants and entitlements. In the prior fiscal year, the School District received over \$3.5 million more from the Ohio School Facilities Commission towards the school construction project.

Disbursements decreased 28 percent from the prior fiscal year, again, largely due ongoing construction as noted in the \$7.8 million decrease in capital outlay disbursements.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Table 3
Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|--|------------------------|--------------|----------------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Instruction: | | | | |
| Regular | \$6,309,038 | \$6,375,476 | \$5,367,261 | \$5,765,185 |
| Special | 1,953,411 | 1,766,240 | 869,300 | 546,243 |
| Vocational | 124,433 | 126,034 | 99,727 | 101,327 |
| Support Services: | | | | |
| Pupils | 623,013 | 692,088 | 623,013 | 687,088 |
| Instructional Staff | 601,910 | 564,502 | 601,910 | 564,502 |
| Board of Education | 24,355 | 31,602 | 24,355 | 31,602 |
| Administration | 1,059,340 | 1,028,892 | 1,059,340 | 1,028,892 |
| Fiscal | 383,429 | 358,381 | 383,429 | 358,381 |
| Business | 12,340 | 12,602 | 12,340 | 12,602 |
| Operation and Maintenance of Plant | 1,269,221 | 1,403,193 | 1,269,221 | 1,403,193 |
| Pupil Transportation | 743,343 | 964,463 | 583,959 | 904,979 |
| Central | 78,357 | 126,640 | 72,957 | 119,815 |
| Non-Instructional Services | 471,331 | 472,589 | (20,905) | (15,877) |
| Extracurricular Activities | 545,575 | 584,311 | 330,861 | 344,363 |
| Capital Outlay | 4,883,145 | 12,771,687 | 4,883,145 | 12,771,687 |
| Debt Service: | | | | |
| Principal Retirement | 270,005 | 725,000 | 270,005 | 725,000 |
| Interest and Fiscal Charges | 597,852 | 612,614 | 597,852 | 612,614 |
| Interest on Capital Appreciation Bonds | 564,995 | | 564,995 | |
| Total Disbursements | \$20,515,093 | \$28,616,314 | \$17,592,765 | \$25,961,596 |

Both the total and net cost of services differs significantly from the prior fiscal year due to the ongoing school construction as discussed previously. As can be seen above, the dependence on general receipts for most programs is significant with only some of the School District's programs receiving substantial support from program revenues. For instance, the special instruction program provided for 55 percent of its costs through program receipts from operating grants restricted for special instruction purposes. Program receipts exceeded the cost of services in the non-instructional services program (primarily cafeteria operations). Program receipts include cafeteria sales and state and federal subsidies and donated commodities for food service operations. Program receipts in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. Fund balance decreased 48 percent in the General Fund. Although receipts and disbursements were fairly similar to the prior fiscal year, cash carryover spending (disbursements in excess of current fiscal year receipts) resulted in the reduction in fund balance. Fund balance increase in the Bond Retirement debt service fund increased as property tax and related receipts currently exceed amounts needed for debt principal and interest payments. As expected, fund balance decreased substantially in both the Building

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

and Ohio School Facilities Commission capital projects funds due to ongoing construction and the spending of resources restricted for that purpose.

General Fund Budgeting Highlights

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

During fiscal year 2012, the School District amended its General Fund budget as needed. For receipts, changes from the original budget to the final budget as well as from the final budget to the actual receipts were not significant. The same can be said for disbursements.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the School District had \$43,763,078 in capital assets for governmental activities. The School District is reflecting capital assets at cost. Donated capital assets are reflected at their fair market value as of the date received. For further information regarding the School District's capital assets, refer to Note 8 to the basic financial statements.

Debt

At June 30, 2012, the School District's outstanding debt consisted of general obligation bonds, in the amount of \$15,629,622, issued for building construction and improvement. For further information regarding the School District's debt, refer to Note 13 to the basic financial statements.

Current Issues

State funding for schools is based on several factors, all of which are subject to deliberations and approval of the Ohio General Assembly. School funding for fiscal years 2012 and 2013 are distributed based on how much the School District received in fiscal year 2011, the current enrollment of students, and the assessed value of the School District's real estate. The amount is being adjusted for a State-wide factor so that the full amount of the State's appropriations is fully distributed.

In fiscal year 2012, unrestricted aid was to increase by \$250,000, but the educational stabilization funds and tangible personal property hold harmless payments decreased by much more than that, approximately \$494,000 and \$209,000, respectively. The net result is a loss in revenue of just over \$450,000 in State funding for fiscal year 2012. Based on the State budget for fiscal year 2012 and fiscal year 2013, the phase-out of the tangible personal property hold harmless payments was accelerated and began in fiscal year 2012. The amount of the accelerated phase-out was equal to 2 percent of the School District's revenues, which was roughly \$209,000 each fiscal year.

During this time, the School District utilized \$281,000 from Education Jobs funds to pay the salaries and benefits of five teachers. The sole purpose of Education Jobs, a program established by the U.S. Department of Education in August of 2010 as part of the federal government's American Recovery and Reinvestment Act (ARRA) funding, was to help school districts provide educational support for students by retaining teaching positions. The remaining monies from the Education Jobs funding were utilized at the beginning of the fiscal year 2013 and will not be replaced in the future.

The School District spent more than it had received for the fourth year in a row for fiscal year 2012. The deficit spending situation has been supported by the cash balance that had been on hand during this time. With the passage of a 5.99 mill (\$909,937) three-year emergency levy on the November 8, 2011,

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

ballot, the deficit spending scenario was partially relieved. However, with only a portion of the necessary revenue being received, the School District was restricted to minimal expenditures in order to maintain the cash balance on hand. As a result, the School District made a decision in April 2012 to implement a reduction-in-force, which included two certified employees as well as four classified employees. In addition, two positions were reduced through attrition from employees who retired. The School District also reduced the amount of services from the Northwest Ohio Educational Service Center. All of these cuts were made in a direct effort toward alleviating the School District's deficit spending.

Prior to the passage of the recent emergency levy, the Board of Education had cut expenses by \$1.8 million over the prior four years. Had the emergency levy failed, the Board of Education approved operational plan would have been implemented in order to reduce expenditures by another \$1.5 million for the 2012-2013 school year.

Since the \$10 million voter-approved bond issue in August 2008, the Ohio School Facilities Commission (OSFC) project has progressed and is nearing completion. Most recently, the demolition of the old Pike-Delta-York Elementary School on Fernwood Street took place over the summer of 2012. All major building construction, renovations, and demolitions have been completed and the final punch lists are being evaluated. The project's construction manager is ensuring that all necessary paperwork and formalities are being handled properly in order to close out the project successfully.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Eric Soltis, CFO/Treasurer, Pike-Delta-York Local School District, 504 Fernwood Street, Delta, Ohio 43515-1262.

Pike-Delta-York Local School District
 Fulton County
 Statement of Net Assets - Cash Basis
 June 30, 2012

| | Governmental Activities |
|--|----------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$4,959,955 |
| <u>Net Assets:</u> | |
| Restricted for: | |
| Capital Projects | 1,948,621 |
| Debt Service | 1,441,263 |
| Other Purposes | 534,191 |
| Unrestricted | 1,035,880 |
| Total Net Assets | \$4,959,955 |

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Activities - Cash Basis
 For the Fiscal Year Ended June 30, 2012

| | Program Cash Receipts | | | | Net (Disbursement) Receipt and Change in Net Assets |
|---|-----------------------|-------------------------|---|-------------------------------------|---|
| | Cash Disbursements | Charges for Services | Operating Grants, Contributions, and Interest | Capital Grants and Contributions | Governmental Activities |
| <u>Governmental Activities:</u> | | | | | |
| Instruction: | | | | | |
| Regular | \$6,309,038 | \$502,595 | \$439,182 | | (\$5,367,261) |
| Special | 1,953,411 | 43,362 | 1,040,749 | | (869,300) |
| Vocational | 124,433 | | 24,706 | | (99,727) |
| Support Services: | | | | | |
| Pupils | 623,013 | | | | (623,013) |
| Instructional Staff | 601,910 | | | | (601,910) |
| Board of Education | 24,355 | | | | (24,355) |
| Administration | 1,059,340 | | | | (1,059,340) |
| Fiscal | 383,429 | | | | (383,429) |
| Business | 12,340 | | | | (12,340) |
| Operation and Maintenance of Plant | 1,269,221 | | | | (1,269,221) |
| Pupil Transportation | 743,343 | 25,179 | 14,497 | \$119,708 | (583,959) |
| Central | 78,357 | | 5,400 | | (72,957) |
| Non-Instructional Services | 471,331 | 215,843 | 276,393 | | 20,905 |
| Extracurricular Activities | 545,575 | 183,329 | 31,385 | | (330,861) |
| Capital Outlay | 4,883,145 | | | | (4,883,145) |
| Debt Service: | | | | | |
| Principal Retirement | 270,005 | | | | (270,005) |
| Interest and Fiscal Charges | 597,852 | | | | (597,852) |
| Interest on Capital Appreciation Bonds | 564,995 | | | | (564,995) |
| Total Governmental Activities | \$20,515,093 | \$970,308 | \$1,832,312 | \$119,708 | (17,592,765) |
| <u>General Receipts:</u> | | | | | |
| Property Taxes Levied for General Purposes | | | | | 3,489,294 |
| Property Taxes Levied for Debt Service | | | | | 1,234,154 |
| Property Taxes Levied for Maintenance | | | | | 64,188 |
| Payment in Lieu of Taxes | | | | | 34,396 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 7,044,576 |
| Interest | | | | | 55,696 |
| Miscellaneous | | | | | 102,548 |
| Sale of Capital Assets | | | | | 500 |
| Total General Receipts | | | | | 12,025,352 |
| Change in Net Assets | | | | | (5,567,413) |
| Net Assets at Beginning of Year | | | | | 10,527,368 |
| Net Assets at End of Year | | | | | \$4,959,955 |

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 June 30, 2012

| | General | Bond Retirement | Building | Ohio School Facilities Commission | Other Governmental | Total Governmental Funds |
|--|-------------|--------------------|-----------|---|-----------------------|--------------------------------|
| <u>Assets:</u> | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,035,880 | \$1,441,263 | \$565,102 | \$1,214,866 | \$702,844 | \$4,959,955 |
| <u>Fund Balances:</u> | | | | | | |
| Restricted | | \$1,441,263 | \$565,102 | \$1,214,866 | \$534,281 | \$3,755,512 |
| Committed | | | | | 8,014 | 8,014 |
| Assigned | \$881,782 | | | | 160,549 | 1,042,331 |
| Unassigned | 154,098 | | | | | 154,098 |
| Total Fund Balances | \$1,035,880 | \$1,441,263 | \$565,102 | \$1,214,866 | \$702,844 | \$4,959,955 |

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2012

| | General | Bond Retirement | Building | Ohio School Facilities Commission | Other Governmental | Total Governmental Funds |
|---|--------------------|--------------------|------------------|---|-----------------------|--------------------------------|
| <u>Receipts:</u> | | | | | | |
| Property Taxes | \$3,489,294 | \$1,234,154 | | | \$64,188 | \$4,787,636 |
| Payment in Lieu of Taxes | 34,396 | | | | | 34,396 |
| Intergovernmental | 7,240,397 | 274,791 | | \$97,478 | 1,352,509 | 8,965,175 |
| Interest | 36,691 | | \$12,008 | 6,997 | 36 | 55,732 |
| Tuition and Fees | 549,265 | | | | | 549,265 |
| Extracurricular Activities | | | | | 178,549 | 178,549 |
| Charges for Services | | | | | 215,102 | 215,102 |
| Gifts and Donations | | | | | 31,385 | 31,385 |
| Miscellaneous | 124,419 | | | | 5,521 | 129,940 |
| Total Receipts | 11,474,462 | 1,508,945 | 12,008 | 104,475 | 1,847,290 | 14,947,180 |
| <u>Disbursements:</u> | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 5,908,631 | | | | 400,407 | 6,309,038 |
| Special | 1,477,683 | | | | 475,728 | 1,953,411 |
| Vocational | 124,433 | | | | | 124,433 |
| Support Services: | | | | | | |
| Pupils | 580,422 | | | | 42,591 | 623,013 |
| Instructional Staff | 515,840 | | | | 86,070 | 601,910 |
| Board of Education | 24,355 | | | | | 24,355 |
| Administration | 1,059,340 | | | | | 1,059,340 |
| Fiscal | 333,570 | 48,086 | | | 1,773 | 383,429 |
| Business | 12,340 | | | | | 12,340 |
| Operation and Maintenance of Plant | 1,233,723 | | | | 35,498 | 1,269,221 |
| Pupil Transportation | 742,942 | | | | 401 | 743,343 |
| Central | 72,957 | | | | 5,400 | 78,357 |
| Non-Instructional Services | | | | | 471,331 | 471,331 |
| Extracurricular Activities | 336,676 | | | | 208,899 | 545,575 |
| Capital Outlay | | | 727,452 | 3,797,409 | 358,284 | 4,883,145 |
| Debt Service: | | | | | | |
| Principal Retirement | | 270,005 | | | | 270,005 |
| Interest and Fiscal Charges | | 597,852 | | | | 597,852 |
| Interest on Capital Appreciation Bonds | | 564,995 | | | | 564,995 |
| Total Disbursements | 12,422,912 | 1,480,938 | 727,452 | 3,797,409 | 2,086,382 | 20,515,093 |
| Excess of Receipts Over (Under) Disbursements | (948,450) | 28,007 | (715,444) | (3,692,934) | (239,092) | (5,567,913) |
| <u>Other Financing Source:</u> | | | | | | |
| Sale of Capital Assets | 500 | | | | | 500 |
| Changes in Fund Balances | (947,950) | 28,007 | (715,444) | (3,692,934) | (239,092) | (5,567,413) |
| Fund Balances at Beginning of Year | 1,983,830 | 1,413,256 | 1,280,546 | 4,907,800 | 941,936 | 10,527,368 |
| Fund Balances at End of Year | <u>\$1,035,880</u> | <u>\$1,441,263</u> | <u>\$565,102</u> | <u>\$1,214,866</u> | <u>\$702,844</u> | <u>\$4,959,955</u> |

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Receipts, Disbursements, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variance with Final Budget Over (Under) |
|---|--------------------|--------------------|--------------------|--|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$3,071,198 | \$3,271,198 | \$3,489,294 | \$218,096 |
| Payment in Lieu of Taxes | 35,000 | 35,000 | 34,396 | (604) |
| Intergovernmental | 7,157,207 | 7,157,207 | 7,240,397 | 83,190 |
| Interest | 35,000 | 35,000 | 31,429 | (3,571) |
| Tuition and Fees | 569,300 | 569,300 | 549,265 | (20,035) |
| Miscellaneous | 123,850 | 123,850 | 90,049 | (33,801) |
| Total Receipts | 10,991,555 | 11,191,555 | 11,434,830 | 243,275 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 5,939,469 | 5,861,413 | 5,849,736 | 11,677 |
| Special | 1,317,720 | 1,317,720 | 1,477,683 | (159,963) |
| Vocational | 146,243 | 146,243 | 125,079 | 21,164 |
| Support Services: | | | | |
| Pupils | 626,350 | 627,950 | 580,899 | 47,051 |
| Instructional Staff | 544,390 | 547,590 | 516,590 | 31,000 |
| Board of Education | 55,002 | 53,147 | 24,355 | 28,792 |
| Administration | 1,164,687 | 1,160,688 | 1,057,719 | 102,969 |
| Fiscal | 383,899 | 401,185 | 336,968 | 64,217 |
| Business | 52,000 | 52,000 | 15,540 | 36,460 |
| Operation and Maintenance of Plant | 1,328,172 | 1,328,173 | 1,255,705 | 72,468 |
| Pupil Transportation | 718,896 | 718,896 | 743,445 | (24,549) |
| Central | 137,000 | 127,269 | 98,934 | 28,335 |
| Extracurricular Activities | 373,550 | 373,550 | 336,676 | 36,874 |
| Total Disbursements | 12,787,378 | 12,715,824 | 12,419,329 | 296,495 |
| Excess of Receipts Under Disbursements | (1,795,823) | (1,524,269) | (984,499) | 539,770 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Sale of Capital Assets | | | 500 | 500 |
| Refund of Prior Year Expenditures | | | 34,370 | 34,370 |
| Refund of Prior Year Receipts | | (77,757) | (77,757) | |
| Total Other Financing Sources | | (77,757) | (42,887) | 34,870 |
| Changes in Fund Balance | (1,795,823) | (1,602,026) | (1,027,386) | 574,640 |
| Fund Balance at Beginning of Year | 1,920,013 | 1,920,013 | 1,920,013 | |
| Prior Year Encumbrances Appropriated | 63,347 | 63,347 | 63,347 | |
| Fund Balance at End of Year | \$187,537 | \$381,334 | \$955,974 | \$574,640 |

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
 Fulton County
 Statement of Cash Basis Fiduciary Net Assets
 Fiduciary Funds
 For the Fiscal Year Ended June 30, 2012

| | Private Purpose Trust | Agency |
|--|--------------------------|----------|
| <u>Assets:</u> | | |
| Equity in Pooled Cash and Cash Equivalents | \$52,158 | \$70,011 |
| <u>Liabilities:</u> | | |
| Due to Students | | \$70,011 |
| <u>Net Assets:</u> | | |
| Held in Trust for Scholarships | \$52,158 | |

See Accompanying Notes to Basic Financial Statements

Pike-Delta-York Local School District
Fulton County
Statement of Cash Basis Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2012

| | <u>Private Purpose Trust</u> |
|---------------------------------|----------------------------------|
| <u>Additions:</u> | |
| Interest | \$290 |
| Donations | 3,610 |
| Miscellaneous | 500 |
| Total Additions | <u>4,400</u> |
| | |
| <u>Deductions:</u> | |
| Non-Instructional Services | <u>2,248</u> |
| | |
| Change in Net Assets | 2,152 |
| | |
| Net Assets at Beginning of Year | <u>50,006</u> |
| | |
| Net Assets at End of Year | <u><u>\$52,158</u></u> |

See Accompanying Notes to Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1966. The School District serves an area of approximately seventy-three square miles. It is located in Fulton County, and includes all of the Village of Delta and portions of Fulton, Pike, Swancreek, and York Townships. The School District is the 393rd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by forty-eight classified employees, eighty-four certified teaching personnel, and eight administrative employees who provide services to 1,322 students and other community members. The School District currently operates three instructional buildings, an administration building, and a bus garage.

Reporting Entity

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

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

The School District participates in four jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., the Northwest Ohio Educational Council Insurance Pool, the Northern Buckeye Health Plan Northwest Division of OHIC, the Northern Buckeye Health Plan Workers' Compensation Group Rating Plan, and the Delta Public Library. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Building and Ohio School Facilities Commission capital projects funds.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation bonds.

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

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

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

Fiduciary Funds

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

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the CFO/Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

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

E. Cash and Investments

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

During fiscal year 2012, investments included nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. 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 net asset value per share, which is the price the investment could be sold for on June 30, 2012.

The Board of Education allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2012 was \$36,691, which includes \$21,939 assigned from other School District funds.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

G. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

H. Long-Term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 3 - Compliance

For the fiscal year ended June 30, 2012, the General Fund purchased services had expenditures in excess of appropriations, in the amount of \$107,535. The Treasurer will monitor expenditures to ensure they do not exceed amounts appropriated.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Change in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (cash basis). The amount of encumbrances outstanding at year end was \$74,090 in the General Fund. The School District also had unrecorded interest at fiscal year-end, in the amount of \$5,262.

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 5 - Deposits and Investments (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Investments

As of June 30, 2012, the fair value of funds on deposit with STAR Ohio was \$1,314,642. The School District's investment in STAR Ohio had an average maturity of 53 days. STAR Ohio carries a rating of AAA by Standards and Poor's. The School District has no policy regarding interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, 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.

The School District receives property taxes from Fulton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2012 taxes were collected are:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 6 - Property Taxes (continued)

| | 2011 Second- Half Collections | | 2012 First- Half Collections | |
|---|----------------------------------|----------------|---------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential | \$124,957,690 | 82.24% | \$124,741,140 | 82.93% |
| Industrial/Commercial | 19,079,870 | 12.56 | 17,103,260 | 11.37 |
| Public Utility | 7,898,770 | 5.20 | 8,571,190 | 5.70 |
| Total Assessed Value | <u>\$151,936,330</u> | <u>100.00%</u> | <u>\$150,415,590</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$55.20 | | \$61.24 | |

A 5.99 mill emergency levy began collection in November 2011.

Note 7 - Payment in Lieu of Taxes

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

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

| | Balance at 6/30/11 | Additions | Reductions | Balance at 6/30/12 |
|--|-----------------------|--------------------|--------------------|-----------------------|
| Governmental Activities | | | | |
| Nondepreciable Capital Assets | | | | |
| Land | \$970,367 | | | \$970,367 |
| Construction in Progress | 17,999,229 | \$4,382,116 | | 22,381,345 |
| Total Nondepreciable Capital Assets | <u>18,969,596</u> | <u>4,382,116</u> | | <u>23,351,712</u> |
| Depreciable Capital Assets | | | | |
| Land Improvements | 1,160,093 | | | 1,160,093 |
| Buildings and Building Improvements | 17,016,449 | | (179,727) | 16,836,722 |
| Furniture, Fixtures, and Equipment | 1,141,074 | 238,706 | (223,949) | 1,155,831 |
| Vehicles | 1,258,720 | | | 1,258,720 |
| Total Depreciable Capital Assets | <u>20,576,336</u> | <u>238,706</u> | <u>(403,676)</u> | <u>20,411,366</u> |
| Governmental Activities Capital Assets | <u>\$39,545,932</u> | <u>\$4,620,822</u> | <u>(\$403,676)</u> | <u>\$43,763,078</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 9 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted for the following insurance coverage.

Coverage provided by Selective Insurance Company of the Southeast as follows:

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

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

| | |
|-----------------------|--------------|
| Building and Contents | \$50,000,000 |
|-----------------------|--------------|

Coverage provided by Travelers Insurance Company is as follows:

| | |
|-----------------|---------------|
| Excess Property | \$200,000,000 |
|-----------------|---------------|

Coverage provided by American Alternative Insurance Corporation is as follows:

| | |
|----------|--------------|
| Umbrella | \$10,000,000 |
|----------|--------------|

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

For fiscal year 2012, the School District participated in the Northwest Ohio Educational Council Insurance Pool (Pool), an insurance purchasing pool. Each participant enters into an individual agreement with the Pool for insurance coverage and pays annual premiums to the Pool based on the types and limits of coverage and deductibles selected by the participant.

Through 12/31/11, the School District participated in the Northern Buckeye Educational Council Employee Insurance Benefits Program (Program), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. The School District paid monthly premiums for the benefits offered to its employees including medical, dental, and life insurance. The Northern Buckeye Education Council was responsible for the management and operations of the program. The agreement for the Program provided for additional assessments to participants if the premiums were insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant was responsible for any claims not processed and paid and any related administrative costs.

Effective 1/1/12, the Employee Insurance Benefits Program (Program) merged with Optimal Health Initiative Consortium to form the Northern Buckeye Health Plan Northwest Division of OHIC (Plan). The School District pays monthly premiums to Plan for the benefits offered to its employees including medical, dental, and life insurance. Northern Buckeye Health Plan is responsible for the management and operations of the program.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 9 - Risk Management (continued)

Through 12/31/11, the School District participated in the Northern Buckeye Education Council Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP was intended to reduce premiums for the participants. The workers' compensation experience of the participants was calculated as one experience and a common premium rate was applied to all participants in the GRP. Each participant paid its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP was limited to educational entities that could meet the selection criteria. Each participant had to apply annually. The GRP provided the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant had to pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

Effective 1/1/12, the GRP was transferred to Northern Buckeye Health Plan Northern Division of OHIC. The Northern Buckeye Health Plan Workers' Compensation Group Rating Plan (WCGRP) is an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Health Plan and the participating members of the WCGRP. The Executive Director of the Northern Buckeye Health Plan coordinates the administration and management of the program.

Note 10 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 10 - Defined Benefit Pension Plans (continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$657,358 and \$16,713 for the fiscal year ended June 30, 2012, \$593,127 and \$16,546 for the fiscal year ended June 30, 2011, and \$721,127 and \$16,202 for the fiscal year ended June 30, 2010. For fiscal year 2012, 83 percent has been contributed for both the DBP and the CP. The full amount has been contributed for fiscal years 2011 and 2010.

The contribution to STRS Ohio for the DCP for fiscal year 2012 was \$6,591 made by the School District and \$4,708 made by the plan members. In addition, member contributions of \$11,938 were made for fiscal year 2012 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and 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 stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 was \$186,177, \$173,598, and \$206,369, respectively; 46 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2012, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 11 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Chapter 3307 of the Ohio Revised Code 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$52,359, \$47,267, and \$57,271, respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105€. For fiscal year 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2012, this amount was \$35,800. For fiscal year 2012, the surcharge amount was \$23,870.

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

The School District's contribution for health care for the fiscal years ended June 30, 2012, 2011, and 2010 was \$8,063, \$21,020, and \$7,428, respectively; 46 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 11 - Postemployment Benefits - (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2012, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 was \$10,995, \$11,171, and \$12,272, respectively; 46 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

Note 12 - Other Employee Benefits

A. Compensated Absences

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

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

B. Health Care Benefits

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

Note 13 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2012 were as follows:

| | Balance at 6/30/11 | Additions | Reductions | Balance at 6/30/12 | Amounts Due Within One Year |
|--|-----------------------|-----------|------------|-----------------------|--------------------------------------|
| General Obligation Debt | | | | | |
| FY98 School Improvement Bonds | | | | | |
| Capital Appreciation Bonds 5.05-5.1% | \$209,783 | | \$110,005 | \$99,778 | \$99,778 |
| Accretion on Capital Appreciation Bonds | 1,122,906 | \$42,311 | 564,995 | 600,222 | |

(continued)

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13 - Long-Term Obligations (continued)

| | Balance at 6/30/11 | Additions | Reductions | Balance at 6/30/12 | Amounts Due Within One Year |
|---|-----------------------|------------------|------------------|-----------------------|--------------------------------------|
| General Obligation Debt (continued) | | | | | |
| FY06 School Improvement Refunding Bonds | | | | | |
| Serial Bonds 3.5-4% | 3,965,007 | | 10,000 | 3,955,007 | 10,000 |
| Capital Appreciation Bonds 3.91-4.05% | 654,993 | | | 654,993 | |
| Accretion on Capital Appreciation Bonds | 412,291 | 100,966 | | 513,257 | |
| Premium | 317,469 | | 687 | 316,782 | |
| Accounting Loss | (229,629) | | (497) | (229,132) | |
| FY09 Classroom Facilities Improvement Bonds | | | | | |
| Serial Bonds 3-3.75% | 800,000 | | 75,000 | 725,000 | 75,000 |
| Term Bonds 4.7-5.5% | 4,875,000 | | | 4,875,000 | |
| Capital Appreciation Bonds 4.75-5% | 3,808 | | | 3,808 | |
| Accretion on Capital Appreciation Bonds | 9,268 | 8,191 | | 17,459 | |
| Premium | 214,989 | | 2,840 | 212,149 | |
| Discount | (116,091) | | (1,533) | (114,558) | |
| FY09 School Improvement Bonds | | | | | |
| Serial Bonds 3% | 645,000 | | 75,000 | 570,000 | 110,000 |
| Term Bonds 4-5% | 3,250,000 | | | 3,250,000 | |
| Capital Appreciation Bonds 5.05-5.1% | 76,189 | | | 76,189 | |
| Accretion on Capital Appreciation Bonds | 28,085 | 14,279 | | 42,364 | |
| Premium | 111,316 | | 2,103 | 109,213 | |
| Discount | (48,831) | | (922) | (47,909) | |
| Total General Obligation Debt | \$16,301,553 | \$165,747 | \$837,678 | \$15,629,622 | \$294,778 |

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2012 and 2013. The maturity amount of the bonds is \$1,375,000. For fiscal year 2012, \$42,311 was accreted and \$564,995 was retired on the capital appreciation bonds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13 - Long-Term Obligations (continued)

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

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2014 through 2016. The maturity amount of the bonds is \$1,455,000. For fiscal year 2012, \$100,966 was accreted on the capital appreciation bonds for a total value of \$1,168,250 at fiscal year-end.

At June 30, 2012, \$5,410,000 of the refunded bonds was still outstanding.

FY09 Classroom Facilities Improvement Bonds - On December 23, 2008, the School District issued voted general obligation bonds, in the amount of \$5,853,808, to pay the local share of construction on a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$975,000, \$4,875,000 and \$3,808, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2037.

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13 - Long-Term Obligations (continued)

| Year | Amount |
|------|-----------|
| 2026 | \$245,000 |
| 2027 | 255,000 |

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

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

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

| Year | Amount |
|------|-----------|
| 2031 | \$310,000 |
| 2032 | 325,000 |

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

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

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

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$350,000. For fiscal year 2012, \$8,191 was accreted on the capital appreciation bonds for a total value of \$21,267 at fiscal year-end.

As of June 30, 2012, \$1,118,432 of these proceeds had not been spent.

FY09 School Improvement Bonds - On January 22, 2009, the School District issued voted general obligation bonds, in the amount of \$4,146,189, to pay a share of construction on a new Pre-K through Grade 4 school, as well as renovations to the middle school and high school. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$820,000, \$3,250,000 and \$76,189, respectively. The bonds were issued for a twenty-eight year period, with final maturity during fiscal year 2037.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13 - Long-Term Obligations (continued)

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2019 | \$125,000 |
| 2020 | 130,000 |
| 2021 | 135,000 |
| 2022 | 140,000 |

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

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2024 | \$150,000 |
| 2025 | 155,000 |

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

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

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

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 13 - Long-Term Obligations (continued)

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount of the bonds is \$250,000. For fiscal year 2012, \$14,279 was accreted on the capital appreciation bonds for a total value of \$118,553 at fiscal year-end.

The School District's overall debt margin was \$12,782,532 with an unvoted debt margin of \$142,028 at June 30, 2012.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2012, were as follows:

| Fiscal Year Ending June 30, | General Obligation Bonds | | | | Total |
|--------------------------------|--------------------------|--------------------|-------------------------|---------------------|---------------------|
| | Serial | Term | Capital Appreciation | Interest | |
| 2013 | \$195,000 | | \$99,778 | \$1,488,842 | \$1,783,620 |
| 2014 | 265,000 | | 337,938 | 932,517 | 1,535,455 |
| 2015 | 1,010,000 | | | 562,258 | 1,572,258 |
| 2016 | 280,000 | | 317,055 | 991,465 | 1,588,520 |
| 2017 | 1,065,000 | | | 513,420 | 1,578,420 |
| 2018-2022 | 2,435,007 | \$945,000 | 79,997 | 2,582,778 | 6,042,782 |
| 2023-2027 | | 1,860,000 | | 1,568,485 | 3,428,485 |
| 2028-2032 | | 2,340,000 | | 1,076,321 | 3,416,321 |
| 2033-2037 | | 2,980,000 | | 408,446 | 3,388,446 |
| Total | <u>\$5,250,007</u> | <u>\$8,125,000</u> | <u>\$834,768</u> | <u>\$10,124,532</u> | <u>\$24,334,307</u> |

Note 14 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balance | General | Bond Retirement | Building | Ohio Schools Facilities Commission |
|-------------------------|--------------------|--------------------|------------------|--|
| Restricted for: | | | | |
| Athletics | | | | |
| Building Construction | | | \$565,102 | \$1,214,866 |
| Debt Retirement | | \$1,441,263 | | |
| Facilities Maintenance | | | | |
| Food Service Operations | | | | |
| Regular Instruction | | | | |
| Special Instruction | | | | |
| Total Restricted | | <u>1,441,263</u> | <u>565,102</u> | <u>1,214,866</u> |
| Committed for: | | | | |
| Unpaid Obligations | | | | |
| Assigned for: | | | | |
| Educational Activities | \$26,222 | | | |
| Permanent Improvements | | | | |
| Budgetary Stabilization | 781,470 | | | |
| Unpaid Obligations | 74,090 | | | |
| Total Assigned | <u>881,782</u> | | | |
| Unassigned | 154,098 | | | |
| Total Fund Balance | <u>\$1,035,880</u> | <u>\$1,441,263</u> | <u>\$565,102</u> | <u>\$1,214,866</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 14 - Fund Balance (continued)

| Fund Balance | Other Governmental | Total Governmental Funds |
|-------------------------|-----------------------|--------------------------------|
| Restricted for: | | |
| Athletics | \$61,603 | \$61,603 |
| Building Construction | | 1,779,968 |
| Debt Retirement | | 1,441,263 |
| Facilities Maintenance | 261,992 | 261,992 |
| Food Service Operations | 114,181 | 114,181 |
| Regular Instruction | 75,914 | 75,914 |
| Special Instruction | 20,591 | 20,591 |
| Total Restricted | <u>534,281</u> | <u>3,755,512</u> |
| Committed for: | | |
| Unpaid Obligations | <u>8,014</u> | <u>8,014</u> |
| Assigned for: | | |
| Educational Activities | | 26,222 |
| Permanent Improvements | 160,549 | 160,549 |
| Budgetary Stabilization | | 781,470 |
| Unpaid Obligations | | 74,090 |
| Total Assigned | <u>160,549</u> | <u>1,042,331</u> |
| Unassigned | | 154,098 |
| Total Fund Balance | <u>\$702,844</u> | <u>\$4,959,955</u> |

Note 15 - Set Asides

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

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2012.

| | |
|------------------------------------|------------------------------------|
| Balance June 30, 2011 | |
| Current Year Set Aside Requirement | \$223,165 |
| Current Year Offsets | (175,750) |
| Qualifying Expenditures | <u>(47,415)</u> |
| Balance June 30, 2012 | <u><u> </u></u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 16 - Jointly Governed Organizations

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2012, the School District paid \$62,334 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

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

D. Northwestern Ohio Educational Research Council, Inc.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

Note 17 - Insurance Pools

A. Northwest Ohio Educational Council Insurance Pool

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

B. Northern Buckeye Health Plan Northwest Division of OHIC

Through 12/31/11, the School District participated in the Northern Buckeye Educational Council Employee Insurance Benefits Program (Program), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. The Program was governed by Northern Buckeye Education Council and its participating members.

Effective 1/1/12, the Employee Insurance Benefits Program merged with the Optimal Health Initiative Consortium to form the Northern Buckeye Health Plan Northwest Division of OHIC (Plan). The Plan is governed by a Board elected from an Assembly consisting of a representative from each participant.

C. Northern Buckeye Health Plan Workers' Compensation Group Rating Plan

Through 12/31/11, the School District participated a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Worker's Compensation Group Rating Plan (GRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool governed by the NBEC and the participants of the GRP.

Effective 1/1/12, the GRP was transferred to Northern Buckeye Health Plan Northern Division of OHIC. The Northern Buckeye Health Plan Workers' Compensation Group Rating Plan (WCGRP) is an insurance purchasing pool governed by the Northern Buckeye Health Plan and the participants of the WCGRP. The Executive Director of the Northern Buckeye Health Plan coordinates the administration and management of the program.

Note 18 - Related Organization

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

PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

B. Litigation

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

PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Federal CFDA Number | Receipts | Disbursements |
|--|---------------------------|---------------------------|---------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | |
| <u>Child Nutrition Cluster:</u> | | | |
| School Breakfast Program - Cash Assistance | 10.553 | \$60,338 | \$60,338 |
| National School Lunch Program | 10.555 | | |
| Cash Assistance | | 218,816 | 218,816 |
| Non- Cash Assistance (Food Distribution) | | 51,814 | 51,814 |
| Total National School Lunch Program | | <u>270,630</u> | <u>270,630</u> |
| Total Child Nutrition Cluster | | <u>330,968</u> | <u>330,968</u> |
| Total U.S. Department of Agriculture | | <u>330,968</u> | <u>330,968</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | |
| <u>Title I Cluster:</u> | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 192,325 | 174,517 |
| ARRA - Title I Grants to Local Educational Agencies | 84.389 | 9,668 | 13,768 |
| Total Title I Cluster | | <u>201,993</u> | <u>188,285</u> |
| Education Jobs Fund | 84.410 | 317,814 | 281,079 |
| Title II-D Technology Grant | 84.318 | 1,285 | 1,116 |
| Improving Teacher Quality State Grants | 84.367 | 67,120 | 62,023 |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants | 84.394 | | 79,208 |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants | 84.395 | 51,825 | 21,237 |
| Total U.S. Department of Education | | <u>640,037</u> | <u>632,948</u> |
| U.S. DEPARTMENT OF ENERGY | | | |
| <i>Passed Through Clean Fuels Ohio:</i> | | | |
| ARRA - Clean Cities Grant | 84.086 | 119,708 | 119,708 |
| Total Federal Awards Receipts and Expenditures | | <u>\$1,090,713</u> | <u>\$1,083,624</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike-Delta-York Local School District, Fulton County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 6, 2013, wherein, we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.ohioauditor.gov

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 6, 2013.

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

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

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

Dave Yost
Auditor of State

March 6, 2013



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Pike-Delta-York Local School District, Fulton County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

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

In our opinion, Pike-Delta-York Local School District, Fulton County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.ohioauditor.gov

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

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

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

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

Dave Yost
Auditor of State

March 6, 2013

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iv) | Were there any material internal control weaknesses reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Education Jobs Fund - CFDA #84.410 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

FINDING NUMBER 2012-001

Noncompliance Citation

Ohio Revised Code, § 117.38, provides in part that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code § 117-2-03(B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2012, the School District prepared its financial statements on the cash basis of accounting in a format similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the School District's accounting practice and GAAP, while presumably material, cannot be reasonably determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

We recommend the School District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

3. FINDINGS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2012**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2011-001 | Ohio Administrative Code § 117-2-03 (B) – for not reporting in accordance with generally accepted accounting principles. | No | Not Corrected. Reissued as finding 2012-001 in this report. |

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PIKE-DELTA-YORK LOCAL SCHOOL DISTRICT

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 21, 2013