

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

***BASIC FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006***

**BRENDA SCHWAMBERGER, TREASURER**





Mary Taylor, CPA  
Auditor of State

January 12, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Plymouth-Shiloh Local School District, Richland County, prepared by Julian and Grube, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 3, 2007

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

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, (the "District") as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.



Independent Auditor's Report  
Plymouth-Shiloh Local School District  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
October 24, 2006

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The management's discussion and analysis of Plymouth-Shiloh Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2006 are as follows:

- In total, net assets increased \$384,932. Net assets of governmental activities increased \$388,048, which represents a 2.64% increase from 2005. Net assets of business-type activities decreased \$3,116 or 5.96% from 2005.
- General governmental revenues accounted for \$7,756,524 in revenue or 81.78% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,727,565 or 18.22% of total revenues of \$9,484,089.
- The District had \$9,096,041 in expenses related to governmental activities; only \$1,727,565 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,756,524 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and classroom facilities fund. The general fund had \$7,931,361 in revenues and other financing sources and \$7,273,467 in expenditures and other financing uses. The general fund's fund balance increased \$657,894 from \$944,430 to \$1,602,324.
- The classroom facilities fund had \$100,764 in revenues and \$12,245 in expenditures. The classroom facilities fund's fund balance increased \$88,519 from \$2,361,346 to \$2,449,865.
- Net assets for the District's enterprise fund decreased \$3,116. The special enterprises fund had \$678 in revenues and \$3,794 in expenses.

**Using the Basic Financial Statements**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

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

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

The District's statement of net assets and statement of activities can be found on pages 14-16 of this report.

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

*Fund Financial Statements*

The analysis of the District's major governmental funds and the analysis of the District's enterprise fund begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and classroom facilities fund.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-53 of this report.

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2006 and 2005.

	<b>Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b><u>Assets</u></b>						
Current assets	\$ 7,945,961	\$ 6,970,497	\$ 49,167	\$ 53,654	\$ 7,995,128	\$ 7,024,151
Capital assets	<u>11,829,350</u>	<u>12,169,089</u>	<u>-</u>	<u>-</u>	<u>11,829,350</u>	<u>12,169,089</u>
Total assets	<u>19,775,311</u>	<u>19,139,586</u>	<u>49,167</u>	<u>53,654</u>	<u>19,824,478</u>	<u>19,193,240</u>
<b><u>Liabilities</u></b>						
Current liabilities	2,605,567	2,331,310	-	1,371	2,605,567	2,332,681
Long-term liabilities	<u>2,091,366</u>	<u>2,117,946</u>	<u>-</u>	<u>-</u>	<u>2,091,366</u>	<u>2,117,946</u>
Total liabilities	<u>4,696,933</u>	<u>4,449,256</u>	<u>-</u>	<u>1,371</u>	<u>4,696,933</u>	<u>4,450,627</u>
<b><u>Net Assets</u></b>						
Invested in capital assets, net of debt	10,314,350	10,588,912	-	-	10,314,350	10,588,912
Restricted	3,207,619	3,191,191	-	-	3,207,619	3,191,191
Unrestricted	<u>1,556,409</u>	<u>910,227</u>	<u>49,167</u>	<u>52,283</u>	<u>1,605,576</u>	<u>962,510</u>
Total net assets	<u>\$ 15,078,378</u>	<u>\$ 14,690,330</u>	<u>\$ 49,167</u>	<u>\$ 52,283</u>	<u>\$ 15,127,545</u>	<u>\$ 14,742,613</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$15,127,545, \$15,078,378 of this total is in governmental activities and \$49,167 is in business-type activities.

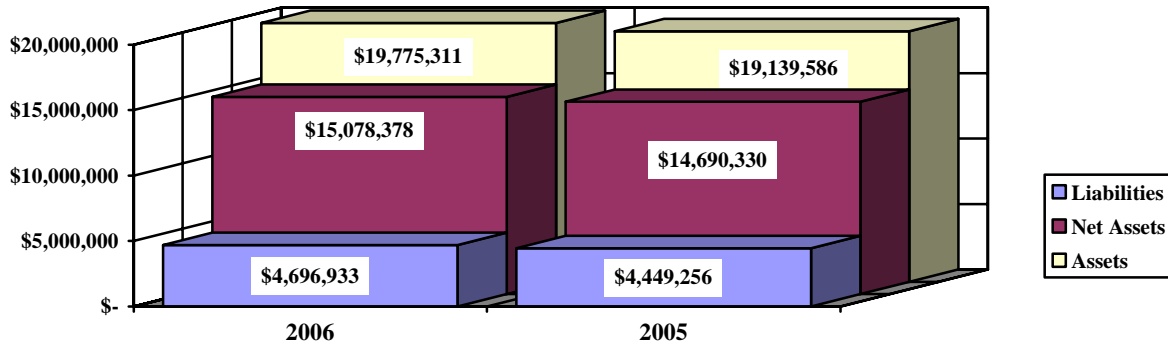
Capital assets reported on the government-wide statements represent the largest portion of the District's net assets. At year-end, capital assets represented 59.67% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2006, were \$10,314,350 in the governmental activities. These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of June 30, 2006, the District is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the District's net assets, \$3,207,619, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$1,556,409 may be used to meet the District's ongoing obligations to the students and creditors.

This table below provides a summary of the District's net assets for 2006 and 2005.

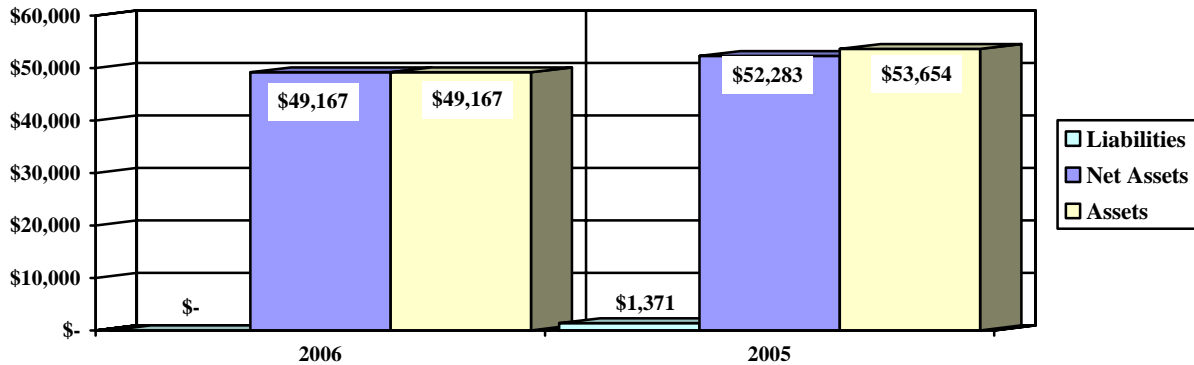
**Governmental - Net Assets**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**Business-Type - Net Assets**



The table below shows the change in net assets for governmental activities and business-type activities fiscal year 2006 and 2005.

**Change in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 753,543	\$ 640,045	\$ -	\$ 19,151	\$ 753,543	\$ 659,196
Operating grants and contributions	962,630	1,122,150	-	-	962,630	1,122,150
Capital grants and contributions	11,392	-	-	-	11,392	-
General revenues:						
Property taxes	1,586,230	1,632,119	-	-	1,586,230	1,632,119
Income taxes	719,496	663,323	-	-	719,496	663,323
Grants and entitlements	5,200,377	5,142,002	-	-	5,200,377	5,142,002
Investment earnings	222,487	95,684	-	-	222,487	95,684
Other	27,934	179,054	678	-	28,612	179,054
<b>Total revenues</b>	<u>9,484,089</u>	<u>9,474,377</u>	<u>678</u>	<u>19,151</u>	<u>9,484,767</u>	<u>9,493,528</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b>Change in Net Assets</b>					
	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b><u>Expenses</u></b>						
Program expenses:						
Instruction:						
Regular	3,672,176	3,805,267	-	-	3,672,176	3,805,267
Special	801,859	691,085	-	-	801,859	691,085
Vocational	157,261	181,925	-	-	157,261	181,925
Other	351,140	281,261	-	-	351,140	281,261
Support services:						
Pupil	411,551	394,401	-	-	411,551	394,401
Instructional staff	451,954	466,333	-	-	451,954	466,333
Board of Education	19,973	21,463	-	-	19,973	21,463
Administration	718,070	827,468	-	-	718,070	827,468
Fiscal	224,049	216,403	-	-	224,049	216,403
Business	7,386	6,174	-	-	7,386	6,174
Operations and maintenance	927,422	868,928	-	-	927,422	868,928
Pupil transportation	414,892	429,005	-	-	414,892	429,005
Central	51,509	45,318	-	-	51,509	45,318
Food service	466,948	481,478	-	-	466,948	481,478
Operation of non-instructional services	-	641	-	-	-	641
Extracurricular activities	322,229	276,601	-	-	322,229	276,601
Interest and fiscal charges	97,622	100,807	-	-	97,622	100,807
Special enterprises	-	-	3,794	12,539	3,794	12,539
Total expenses	<u>9,096,041</u>	<u>9,094,558</u>	<u>3,794</u>	<u>12,539</u>	<u>9,099,835</u>	<u>9,107,097</u>
Changes in net assets	388,048	379,819	(3,116)	6,612	384,932	386,431
Net assets at beginning of year	<u>14,690,330</u>	<u>14,310,511</u>	<u>52,283</u>	<u>45,671</u>	<u>14,742,613</u>	<u>14,356,182</u>
Net assets at end of year	<u>\$ 15,078,378</u>	<u>\$ 14,690,330</u>	<u>\$ 49,167</u>	<u>\$ 52,283</u>	<u>\$ 15,127,545</u>	<u>\$ 14,742,613</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$388,048. Total governmental expenses of \$9,096,041 were offset by program revenues of \$1,727,565 and general revenues of \$7,756,524. Program revenues supported 18.99% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 79.14% of total governmental revenues. Real estate property is reappraised every six years.

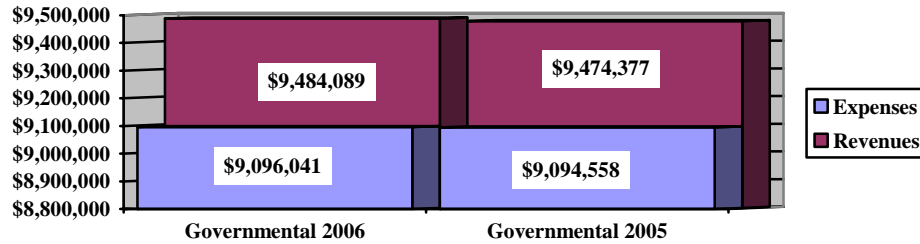
The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,982,436 or 54.78% of total governmental expenses for fiscal 2006.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2006 and 2005.

**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2006 and 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Program expenses:				
Instruction:				
Regular	\$ 3,672,176	\$ 2,948,706	\$ 3,805,267	\$ 3,030,114
Special	801,859	574,616	691,085	510,544
Vocational	157,261	157,261	181,925	181,925
Other	351,140	351,140	281,261	281,261
Support services:				
Pupil	411,551	411,551	394,401	393,464
Instructional staff	451,954	277,445	466,333	277,566
Board of Education	19,973	19,973	21,463	21,463
Administration	718,070	675,914	827,468	755,462
Fiscal	224,049	223,901	216,403	214,125
Business	7,386	7,386	6,174	6,174
Operations and maintenance	927,422	924,458	868,928	863,637
Pupil transportation	414,892	414,892	429,005	427,179
Central	51,509	39,509	45,318	33,209
Food service	466,948	6,491	481,478	34,427
Operation of non-instructional services	-	-	641	(1,109)
Extracurricular activities	322,229	237,611	276,601	202,115
Interest and fiscal charges	97,622	97,622	100,807	100,807
<b>Total expenses</b>	<u>\$ 9,096,041</u>	<u>\$ 7,368,476</u>	<u>\$ 9,094,558</u>	<u>\$ 7,332,363</u>

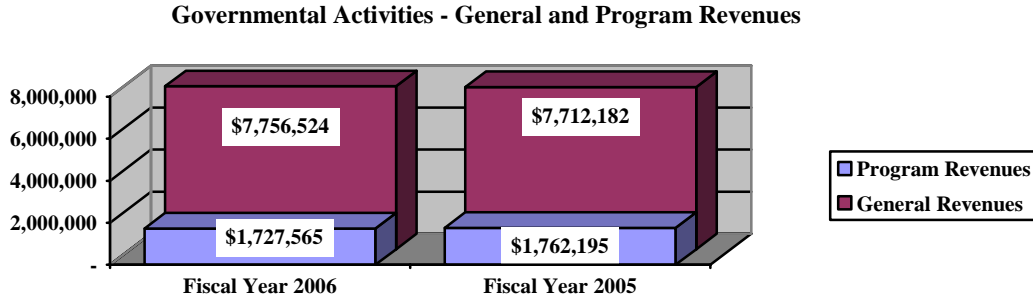
The dependence upon tax revenues during fiscal year 2006 for governmental activities is apparent, as 80.92% of 2006 instruction activities are supported through taxes and other general revenues. General revenue support for all governmental activities was 81.01% in 2006. The District's taxpayers, as a whole, is by far the primary support for District's students.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

The graph below presents the District's governmental activities revenue for fiscal year 2006 and 2005.



**Business-Type Activities**

Business-type activities include the nonmajor special enterprises operation. This program had operating revenues of \$678 and operating expenses of \$3,794 for fiscal year 2006. The District's business activities receive no support from tax revenues.

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$4,805,929, which is above last year's total of \$4,208,621. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance</u> <u>June 30, 2006</u>	<u>Fund Balance</u> <u>June 30, 2005</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
General	\$ 1,602,324	\$ 944,430	\$ 657,894	69.66 %
Classroom Facilities	2,449,865	2,361,346	88,519	3.75 %
Other Governmental	<u>753,740</u>	<u>902,845</u>	<u>(149,105)</u>	(16.52) %
Total	<u>\$ 4,805,929</u>	<u>\$ 4,208,621</u>	<u>\$ 597,308</u>	14.19 %

**General Fund**

The District's general fund balance increased \$657,894, due to increasing revenues outpacing and increased expenditures during 2006. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,089,995	\$ 2,078,743	\$ 11,252	0.54 %
Tuition	397,399	292,850	104,549	35.70 %
Interest earnings	120,744	46,694	74,050	158.59 %
Intergovernmental	5,180,505	5,118,849	61,656	1.20 %
Other revenues	<u>53,982</u>	<u>57,940</u>	<u>(3,958)</u>	<u>(6.83) %</u>
Total	<u>\$ 7,842,625</u>	<u>\$ 7,595,076</u>	<u>\$ 247,549</u>	<u>3.26 %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 4,082,989	\$ 4,004,902	\$ 78,087	1.95 %
Support services	2,774,088	2,786,749	(12,661)	(0.45) %
Extracurricular activities	213,341	195,680	17,661	9.03 %
Facilities acquisition and construction	31,759	30,000	1,759	5.86 %
Capital outlay	88,736	-	88,736	100.00 %
Debt service	<u>26,554</u>	<u>89,709</u>	<u>(63,155)</u>	<u>(70.40) %</u>
Total	<u>\$ 7,217,467</u>	<u>\$ 7,107,040</u>	<u>\$ 110,427</u>	<u>1.55 %</u>

***Classroom Facilities Fund***

The classroom facilities fund had \$100,764 in revenues and \$12,245 in expenditures. The classroom facilities fund's fund balance increased \$88,519 from \$2,361,346 to \$2,449,865.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2006, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$372,094, above original budgeted revenues estimates of \$7,208,030. Actual revenues and other financing sources for fiscal 2006 was \$7,907,973. This represents a \$327,849 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$7,621,996 stayed the same in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$7,377,743, which was \$244,253 less than the final budget appropriations, primarily because salary costs proved to be lower than anticipated in the original and final budget.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2006, the District had \$11,829,350 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This total amount was reported in governmental activities. The following table shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities	
	2006	2005
Land	\$ 64,810	\$ 64,810
Land improvements	341,915	374,460
Building and improvements	10,796,799	11,106,407
Furniture and equipment	389,486	451,377
Vehicles	236,340	172,035
Total	\$ 11,829,350	\$ 12,169,089

The overall decrease in capital assets of \$339,739 is due to depreciation expense of \$503,276 exceeding capital outlays of \$163,537 in the fiscal year.

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

***Debt Administration***

At June 30, 2006 the District had \$1,515,000 in general obligation bonds and \$79,892 in capital leases outstanding. Of this total, \$82,988 is due within one year and \$1,511,904 is due in greater than one year. The following table summarizes the bonds and leases outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2006	2005
General obligation bonds	\$ 1,515,000	\$ 1,565,000
Capital lease	79,892	15,177
Total	\$ 1,594,892	\$ 1,580,177

At June 30, 2006 the District's overall legal debt margin was \$4,870,114 with an unvoted debt margin of \$68,389.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Current Financial Related Activities**

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

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

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

The Elementary School is over 27 years old with an annex that is 46 years old and is in the process of a new facility being constructed. The District attempted to pass a bond issue several times for participation in the Ohio School Facilities Commission (OSFC) plan but was not successful. After much discussion and consideration, the Board of Education was able to raise sufficient funding to continue the project.

The District will have the resources necessary to meet operating expenses in fiscal year 2006, however the District is on the November 2006 ballot for a 4.8 emergency levy renewal in order to provide financial stability over the next five years.

The last challenge facing the District is the future of state funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither adequate nor equitable. Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan and granted a motion for reconsideration on November 2, 2001. At this time, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

The District has not anticipated a significant growth in State revenue. The concern is that, to meet the requirements of the court, the State may not have adequate resources to provide the financial needs of the District. As a result, all of the District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the student's desired needs over the next several years.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Brenda J. Schwamberger, Treasurer, Plymouth-Shiloh Local School District, 365 Sandusky Street, Plymouth, Ohio 44865.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . .	\$ 3,375,939	\$ 49,167	\$ 3,425,106
Investments . . . . .	2,082,680	-	2,082,680
Receivables:			
Taxes . . . . .	2,319,963	-	2,319,963
Intergovernmental . . . . .	88,683	-	88,683
Accrued interest . . . . .	117	-	117
Prepayments . . . . .	30,819	-	30,819
Materials and supplies inventory . . . . .	47,760	-	47,760
Capital assets:			
Land . . . . .	64,810	-	64,810
Depreciable capital assets, net . . . . .	11,764,540	-	11,764,540
Capital assets, net. . . . .	<u>11,829,350</u>	<u>-</u>	<u>11,829,350</u>
 Total assets. . . . .	 <u>19,775,311</u>	 <u>49,167</u>	 <u>19,824,478</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	7,354	-	7,354
Claims payable . . . . .	7,000	-	7,000
Accrued wages and benefits . . . . .	738,718	-	738,718
Pension obligation payable. . . . .	175,964	-	175,964
Intergovernmental payable . . . . .	68,657	-	68,657
Deferred revenue . . . . .	1,601,856	-	1,601,856
Accrued interest payable . . . . .	6,018	-	6,018
Long-term liabilities:			
Due within one year. . . . .	209,447	-	209,447
Due in more than one year . . . . .	1,881,919	-	1,881,919
 Total liabilities . . . . .	 <u>4,696,933</u>	 <u>-</u>	 <u>4,696,933</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	10,314,350	-	10,314,350
Restricted for:			
Capital projects . . . . .	2,709,908	-	2,709,908
Debt service. . . . .	248,777	-	248,777
Classroom facilities maintenance . . . . .	72,294	-	72,294
State funded programs . . . . .	1,496	-	1,496
Federally funded programs . . . . .	83,577	-	83,577
Student activities . . . . .	41,182	-	41,182
Other purposes . . . . .	50,385	-	50,385
Unrestricted. . . . .	<u>1,556,409</u>	<u>49,167</u>	<u>1,605,576</u>
 Total net assets . . . . .	 <u>\$ 15,078,378</u>	 <u>\$ 49,167</u>	 <u>\$ 15,127,545</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 3,672,176	\$ 339,339	\$ 372,739	\$ 11,392
Special . . . . .	801,859	85,979	141,264	-
Vocational . . . . .	157,261	-	-	-
Other . . . . .	351,140	-	-	-
Support services:				
Pupil . . . . .	411,551	-	-	-
Instructional staff . . . . .	451,954	-	174,509	-
Board of education . . . . .	19,973	-	-	-
Administration. . . . .	718,070	37,145	5,011	-
Fiscal. . . . .	224,049	-	148	-
Business. . . . .	7,386	-	-	-
Operations and maintenance . . . . .	927,422	-	2,964	-
Pupil transportation. . . . .	414,892	-	-	-
Central . . . . .	51,509	-	12,000	-
Operation of non-instructional services:				
Food service operations . . . . .	466,948	206,462	253,995	-
Extracurricular activities. . . . .	322,229	84,618	-	-
Interest and fiscal charges . . . . .	97,622	-	-	-
Total governmental activities . . . . .	<u>9,096,041</u>	<u>753,543</u>	<u>962,630</u>	<u>11,392</u>
<b>Business-type activities:</b>				
Special enterprises . . . . .	<u>3,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities . . . . .	<u>3,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals . . . . .	<u>\$ 9,099,835</u>	<u>\$ 753,543</u>	<u>\$ 962,630</u>	<u>\$ 11,392</u>

**General Revenues:**

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (2,948,706)	\$ -	\$ (2,948,706)
(574,616)	-	(574,616)
(157,261)	-	(157,261)
(351,140)	-	(351,140)
(411,551)	-	(411,551)
(277,445)	-	(277,445)
(19,973)	-	(19,973)
(675,914)	-	(675,914)
(223,901)	-	(223,901)
(7,386)	-	(7,386)
(924,458)	-	(924,458)
(414,892)	-	(414,892)
(39,509)	-	(39,509)
(6,491)	-	(6,491)
(237,611)	-	(237,611)
(97,622)	-	(97,622)
<u>(7,368,476)</u>	<u>-</u>	<u>(7,368,476)</u>
-	(3,794)	(3,794)
-	(3,794)	(3,794)
<u>(7,368,476)</u>	<u>(3,794)</u>	<u>(7,372,270)</u>
1,438,886	-	1,438,886
20,890	-	20,890
126,454	-	126,454
719,496	-	719,496
5,200,377	-	5,200,377
222,487	-	222,487
27,934	678	28,612
<u>7,756,524</u>	<u>678</u>	<u>7,757,202</u>
388,048	(3,116)	384,932
<u>14,690,330</u>	<u>52,283</u>	<u>14,742,613</u>
<u>\$ 15,078,378</u>	<u>\$ 49,167</u>	<u>\$ 15,127,545</u>

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,960,151	\$ 367,185	\$ 949,633	\$ 3,276,969
Investments . . . . .	-	2,082,680	-	2,082,680
Receivables:				
Taxes . . . . .	2,145,216	-	174,747	2,319,963
Intergovernmental . . . . .	-	-	88,683	88,683
Accrued interest . . . . .	-	117	-	117
Prepayments . . . . .	30,490	-	329	30,819
Materials and supplies inventory . . . . .	40,093	-	7,667	47,760
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	50,385	-	-	50,385
Total assets . . . . .	<u>\$ 4,226,335</u>	<u>\$ 2,449,982</u>	<u>\$ 1,221,059</u>	<u>\$ 7,897,376</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 4,177	\$ -	\$ 3,177	\$ 7,354
Accrued wages and benefits . . . . .	640,939	-	97,779	738,718
Compensated absences payable . . . . .	-	-	59,805	59,805
Pension obligation payable . . . . .	149,225	-	26,739	175,964
Intergovernmental payable . . . . .	37,232	-	31,425	68,657
Early retirement incentive payable . . . . .	-	-	41,843	41,843
Deferred revenue . . . . .	1,792,438	117	206,551	1,999,106
Total liabilities . . . . .	<u>2,624,011</u>	<u>117</u>	<u>467,319</u>	<u>3,091,447</u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	110,705	467,283	15,522	593,510
Reserved for materials and supplies inventory . . . . .	40,093	-	7,667	47,760
Reserved for prepayments . . . . .	30,490	-	329	30,819
Reserved for debt service . . . . .	-	-	221,798	221,798
Reserved for property tax unavailable for appropriation . . . . .	107,735	-	10,004	117,739
Reserved for BWC refunds . . . . .	50,385	-	-	50,385
Unreserved, undesignated, reported in:				
General fund . . . . .	1,262,916	-	-	1,262,916
Special revenue funds . . . . .	-	-	238,494	238,494
Capital projects funds . . . . .	-	1,982,582	259,926	2,242,508
Total fund balances . . . . .	<u>1,602,324</u>	<u>2,449,865</u>	<u>753,740</u>	<u>4,805,929</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,226,335</u>	<u>\$ 2,449,982</u>	<u>\$ 1,221,059</u>	<u>\$ 7,897,376</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2006

<b>Total governmental fund balances</b>		\$	4,805,929
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			11,829,350
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	354,856	
Intergovernmental revenue		42,277	
Accrued interest		117	
Total			397,250
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			41,585
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(6,018)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(394,826)	
Capital lease obligation		(79,892)	
General obligation bonds payable		(1,515,000)	
Total			(1,989,718)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>15,078,378</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,089,995	\$ -	\$ 151,204	\$ 2,241,199
Tuition. . . . .	397,399	-	-	397,399
Charges for services. . . . .	-	-	206,462	206,462
Earnings on investments. . . . .	120,744	100,764	3,929	225,437
Classroom materials and fees. . . . .	27,672	-	3,764	31,436
Extracurricular. . . . .	-	-	63,817	63,817
Other local revenues. . . . .	26,310	-	56,053	82,363
Other revenue . . . . .	-	-	465	465
Intergovernmental - State. . . . .	5,180,505	-	108,797	5,289,302
Intergovernmental - Federal . . . . .	-	-	842,355	842,355
Total revenue . . . . .	<u>7,842,625</u>	<u>100,764</u>	<u>1,436,846</u>	<u>9,380,235</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	2,952,138	-	547,281	3,499,419
Special. . . . .	643,699	-	139,499	783,198
Vocational. . . . .	136,012	-	-	136,012
Other. . . . .	351,140	-	-	351,140
Support services:				
Pupil. . . . .	407,075	-	-	407,075
Instructional staff . . . . .	247,424	-	170,594	418,018
Board of education . . . . .	19,973	-	-	19,973
Administration. . . . .	669,645	-	32,843	702,488
Fiscal . . . . .	215,010	5,095	3,842	223,947
Business . . . . .	7,386	-	-	7,386
Operations and maintenance. . . . .	693,167	-	49,826	742,993
Pupil transportation . . . . .	474,968	-	-	474,968
Central. . . . .	39,440	-	12,000	51,440
Operation of non-instructional services:				
Food service operations . . . . .	-	-	460,715	460,715
Extracurricular activities. . . . .	213,341	-	80,063	293,404
Facilities acquisition and construction . . . . .	31,759	7,150	-	38,909
Capital outlay . . . . .	88,736	-	-	88,736
Debt service:				
Principal retirement . . . . .	24,021	-	50,000	74,021
Interest and fiscal charges . . . . .	2,533	-	95,288	97,821
Total expenditures . . . . .	<u>7,217,467</u>	<u>12,245</u>	<u>1,641,951</u>	<u>8,871,663</u>
Excess of revenues over (under) expenditures . . . . .	<u>625,158</u>	<u>88,519</u>	<u>(205,105)</u>	<u>508,572</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	56,000	56,000
Transfers (out). . . . .	(56,000)	-	-	(56,000)
Capital lease transaction . . . . .	88,736	-	-	88,736
Total other financing sources (uses) . . . . .	<u>32,736</u>	<u>-</u>	<u>56,000</u>	<u>88,736</u>
Net change in fund balances . . . . .	657,894	88,519	(149,105)	597,308
<b>Fund balances at beginning of year. . . . .</b>	<u>944,430</u>	<u>2,361,346</u>	<u>902,845</u>	<u>4,208,621</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 1,602,324</u>	<u>\$ 2,449,865</u>	<u>\$ 753,740</u>	<u>\$ 4,805,929</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**Net change in fund balances - total governmental funds** \$ 597,308

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

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

Capital asset additions	\$	163,537	
Current year depreciation		(503,276)	
Total			(339,739)

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

Taxes		64,527	
Intergovernmental revenue		42,277	
Accrued interest		(2,950)	
Total			103,854

Proceeds of capital leases are recorded as revenue in the funds, however on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets. (88,736)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 74,021

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.

Accrued interest 199

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 46,621

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities. (5,480)

**Change in net assets of governmental activities** \$ 388,048

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,916,727	\$ 2,016,037	\$ 2,116,417	\$ 100,380
Tuition. . . . .	349,321	367,420	397,399	29,979
Earnings on investments. . . . .	31,650	33,290	120,744	87,454
Classroom materials and fees . . . . .	23,008	24,200	27,672	3,472
Other local revenues . . . . .	4,991	5,250	38,778	33,528
Intergovernmental - State . . . . .	4,855,875	5,107,469	5,180,505	73,036
Total revenue . . . . .	<u>7,181,572</u>	<u>7,553,666</u>	<u>7,881,515</u>	<u>327,849</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,032,311	3,032,311	3,016,245	16,066
Special. . . . .	727,062	727,062	658,521	68,541
Vocational. . . . .	141,816	141,816	141,698	118
Other. . . . .	343,568	343,568	346,419	(2,851)
Support services:				
Pupil. . . . .	420,817	420,817	419,267	1,550
Instructional staff . . . . .	254,032	254,032	251,263	2,769
Board of education . . . . .	25,432	25,432	20,681	4,751
Administration. . . . .	731,289	731,289	693,495	37,794
Fiscal . . . . .	227,550	227,550	215,050	12,500
Business . . . . .	7,554	7,554	7,413	141
Operations and maintenance. . . . .	859,782	859,782	791,480	68,302
Pupil transportation . . . . .	510,524	510,524	472,189	38,335
Central. . . . .	54,292	54,292	40,037	14,255
Extracurricular activities. . . . .	206,624	206,624	212,642	(6,018)
Facilities acquisition and construction. . . . .	32,343	32,343	32,343	-
Total expenditures . . . . .	<u>7,574,996</u>	<u>7,574,996</u>	<u>7,318,743</u>	<u>256,253</u>
Excess of revenues over (under) expenditures. . . . .	<u>(393,424)</u>	<u>(21,330)</u>	<u>562,772</u>	<u>584,102</u>
<b>Other financing sources (uses):</b>				
Transfers (out) . . . . .	(35,000)	(35,000)	(59,000)	(24,000)
Advances in. . . . .	26,458	26,458	26,458	-
Advances (out) . . . . .	(12,000)	(12,000)	-	12,000
Total other financing sources (uses) . . . . .	<u>(20,542)</u>	<u>(20,542)</u>	<u>(32,542)</u>	<u>(12,000)</u>
Net change in fund balance . . . . .	(413,966)	(41,872)	530,230	572,102
<b>Fund balance at beginning of year . . . . .</b>	1,218,614	1,218,614	1,218,614	-
<b>Prior year encumbrances appropriated . . . . .</b>	146,501	146,501	146,501	-
<b>Fund balance at end of year. . . . .</b>	<u>\$ 951,149</u>	<u>\$ 1,323,243</u>	<u>\$ 1,895,345</u>	<u>\$ 572,102</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2006

	<b>Business-Type Activities</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Special Enterprises</b>	
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 49,167	\$ 48,585
Total assets . . . . .	49,167	48,585
<b>Liabilities:</b>		
Current liabilities:		
Claims payable . . . . .	-	7,000
Total liabilities . . . . .	-	7,000
<b>Net assets:</b>		
Unrestricted . . . . .	49,167	41,585
Total net assets. . . . .	\$ 49,167	\$ 41,585

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Business-Type Activities</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Special Enterprises</b>	
<b>Operating revenues:</b>		
Sales/charges for services. . . . .	\$ -	\$ 56,144
Other . . . . .	678	-
	678	-
Total operating revenues . . . . .	678	56,144
<b>Operating expenses:</b>		
Purchased services. . . . .	-	3,863
Materials and supplies . . . . .	2,590	-
Claims . . . . .	-	57,761
Other. . . . .	1,204	-
	3,794	61,624
Total operating expenses. . . . .	3,794	61,624
Operating loss . . . . .	(3,116)	(5,480)
<b>Net assets at beginning of year . . . . .</b>	52,283	47,065
<b>Net assets at end of year . . . . .</b>	\$ 49,167	\$ 41,585

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Business-Type Activities</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Special Enterprises</b>	
<b>Cash flows from operating activities:</b>		
Cash received from sales/charges for services . . . . .	\$ -	\$ 56,144
Cash received from other operations. . . . .	678	-
Cash payments for purchased services. . . . .	-	(3,863)
Cash payments for materials and supplies . . . . .	(3,961)	-
Cash payments for other expenses . . . . .	(1,204)	-
Cash payments for claims expense. . . . .	-	(57,103)
Net cash used in operating activities . . . . .	(4,487)	(4,822)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>53,654</u>	<u>53,407</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u>\$ 49,167</u>	<u>\$ 48,585</u>
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss . . . . .	\$ (3,116)	\$ (5,480)
Changes in assets and liabilities:		
Decrease in accounts payable. . . . .	(1,371)	-
Increase in claims payable . . . . .	-	658
Net cash used in operating activities . . . . .	<u>\$ (4,487)</u>	<u>\$ (4,822)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2006

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 20,461
Total assets. . . . .	\$ 20,461
<b>Liabilities:</b>	
Due to students . . . . .	\$ 20,461
Total liabilities . . . . .	\$ 20,461

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's 4 instructional/support facilities staffed by 41 classified and 72 certificated full-time teaching personnel, who provide services to 999 students and other community members. The District ranks as the 490<sup>th</sup> by enrollment among 615 public school districts in the state, and 8<sup>th</sup> largest in Richland County.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The District has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The District has elected not to apply these FASB Statements and Interpretations. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

*JOINTLY GOVERNED ORGANIZATIONS*

Heartland Council of Governments (the "COG")

The COG (formally known as North Central Ohio Computer Cooperative) is a jointly governed organization among 15 school districts and 1 county educational service center. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic technology to administrative and instructional functions. Each member district supports the COG based on a per pupil charge, dependent upon the software package utilized. The COG is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14 as amended by GASB Statement No. 39, the District does not have any equity interest in the COG. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

Pioneer Career and Technology Center (PCTC)

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

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. Refer to Note 13 for further information on this group rating plan.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

*Classroom Facilities* - This fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

***PROPRIETARY FUNDS***

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. Proprietary funds consist of enterprise funds and internal service funds.

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

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

***FIDUCIARY FUNDS***

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**D. Basis of Accounting**

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

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

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

**E. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds (except Agency funds). The specific timetable for fiscal year 2006 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2006.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2006; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2006, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. Government money market mutual funds and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal 2006. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$120,744 which includes \$47,489 assigned from other funds.

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

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

**G. Inventory**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis.

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2006, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, employees age 50 with at least 10 years of service and all employees with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service and enterprise funds are reported on the proprietary fund financial statements.

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

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, debt service, property tax revenue unavailable for appropriation and BWC refunds. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**M. Operating Revenues and Expenses**

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

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2006, net assets restricted by enabling legislation was \$0 in the statement of net assets.

**O. Prepayments**

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

**P. Estimates**

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

**Q. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a reserve for BWC refunds. These reserves are required by state statute. A schedule of statutory reserves is presented in Note 19.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**R. Interfund Activity**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2006 the District did not incur any transactions that would be classified as an extraordinary or special item.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**i. Deficit Fund Balances**

Fund balances at June 30, 2006 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Poverty aid	\$ 2,216
Ohio Reads	235
Summer Intervention	5
Title I	14,250
Improving Teacher Quality	4,682

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

**A. Cash on Hand**

At year-end, the District had \$2,655 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2006, the carrying amount of all District deposits was \$63,584. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$95,689 of the District's bank balance of \$195,689 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**C. Investments**

As of June 30, 2006, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
STAR Ohio	\$ 3,274,648	\$ 3,274,648	\$ -	\$ -
FHLB	593,410	393,973	-	199,437
FNMA	337,463	99,563	237,900	-
FHLM	1,251,370	528,420	722,950	-
U.S. Government Money Market	5,117	5,117	-	-
	<u>\$ 5,462,008</u>	<u>\$ 4,301,721</u>	<u>\$ 960,850</u>	<u>\$ 199,437</u>

The weighted average maturity of investments is .20 years.

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

*Credit Risk:* The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 3,274,648	59.96
FHLB	593,410	10.86
FNMA	337,463	6.18
FHLM	1,251,370	22.91
U.S. Government Money Market	5,117	0.09
	<u>\$ 5,462,008</u>	<u>100.00</u>



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 63,584
Investments	5,462,008
Cash on hand	2,655
Total	\$ 5,528,247
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 5,458,619
Business type activities	49,167
Agency fund	20,461
Total	\$ 5,528,247

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$ 56,000

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Richland, Huron and Crawford Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2006 are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006 was \$107,735 in the general fund, \$8,289 in the debt service fund and \$1,715 in the maintenance fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2005 was \$136,181 in the general fund, \$14,942 in the debt service fund, and \$2,541 in the maintenance fund.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 50,167,860	89.69	\$ 63,205,520	92.42
Public utility personal	4,192,460	7.50	3,593,950	5.26
Tangible personal property	<u>1,571,440</u>	<u>2.81</u>	<u>1,589,719</u>	<u>2.32</u>
<b>Total</b>	<b><u>\$ 55,931,760</u></b>	<b><u>100.00</u></b>	<b><u>\$ 68,389,189</u></b>	<b><u>100.00</u></b>
Tax rate per \$1,000 of assessed valuation	\$ 40.30		\$ 37.80	

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

The voters of the District passed a 1% school district income tax at the May 8, 1990, election and became effective January 1, 1991. This tax is effective indefinitely. School district income tax revenue received by the general fund during fiscal year 2006 was \$719,496.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2006 consisted of taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

<b>Governmental Activities:</b>	
Taxes	\$ 2,319,963
Accrued interest	117
Intergovernmental	<u>88,683</u>
<b>Total</b>	<b><u>\$ 2,408,763</u></b>

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/06</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 64,810	\$ -	\$ -	\$ 64,810
Total capital assets, not being depreciated	<u>64,810</u>	<u>-</u>	<u>-</u>	<u>64,810</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	586,752	-	-	586,752
Buildings and improvements	13,006,074	-	-	13,006,074
Furniture and equipment	934,072	55,425	-	989,497
Vehicles	<u>635,572</u>	<u>108,112</u>	<u>-</u>	<u>743,684</u>
Total capital assets, being depreciated	<u>15,162,470</u>	<u>163,537</u>	<u>-</u>	<u>15,326,007</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(212,292)	(32,545)	-	(244,837)
Buildings and improvements	(1,899,667)	(309,608)	-	(2,209,275)
Furniture and equipment	(482,695)	(117,316)	-	(600,011)
Vehicles	<u>(463,537)</u>	<u>(43,807)</u>	<u>-</u>	<u>(507,344)</u>
Total accumulated depreciation	<u>(3,058,191)</u>	<u>(503,276)</u>	<u>-</u>	<u>(3,561,467)</u>
Governmental activities capital assets, net	<u>\$ 12,169,089</u>	<u>\$ (339,739)</u>	<u>\$ -</u>	<u>\$ 11,829,350</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 246,269
Special	19,306
Vocational	19,468
<u>Support Services:</u>	
Pupil	2,159
Instructional staff	31,545
Administration	11,226
Operations and maintenance	61,520
Pupil transportation	38,087
Extracurricular activities	28,344
Food service operations	<u>45,352</u>
Total depreciation expense	<u>\$ 503,276</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

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

Capital assets consisting of equipment have been capitalized in the amount of \$123,115. Capital lease equipment in the amount of \$88,736 has not been capitalized as the present value at the time of acquisition is less than the capitalization threshold. A liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2006 totaled \$24,021 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2006:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2007	\$ 33,368
2008	33,368
2009	<u>22,246</u>
Less amount representing interest	<u>(9,090)</u>
Total	<u>\$ 79,892</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. During fiscal year 2000, the District issued \$1,761,000 in general obligation bonds to provide long-term financing for the renovation of the elementary school and the construction of a new middle school/ high school building. These bonds bear an annual interest rate of 5.0% and mature in fiscal year 2024.

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

The following is a description of the District's general obligation bonds outstanding as of June 30, 2006.

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding 06/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 06/30/06</u>	<u>Amounts Due in One Year</u>
General obligation bond payable -							
Facilities Building	5.00%	12/01/23	\$ 1,565,000	\$ -	\$ (50,000)	\$ 1,515,000	\$ 55,000
Total			<u>\$ 1,565,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ 1,515,000</u>	<u>\$ 55,000</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

<u>Year Ending June 30</u>	<u>Principal on Bond</u>	<u>Interest on Bond</u>	<u>Total</u>
2007	\$ 55,000	\$ 92,439	\$ 147,439
2008	55,000	89,428	144,428
2009	60,000	86,250	146,250
2010	60,000	82,905	142,905
2011	65,000	79,389	144,389
2012 - 2016	400,000	327,211	727,211
2017 - 2021	545,000	171,170	716,170
2022 - 2024	<u>275,000</u>	<u>17,515</u>	<u>292,515</u>
Total	<u>\$ 1,515,000</u>	<u>\$ 946,307</u>	<u>\$ 2,461,307</u>

**B.** During the fiscal year 2006, the following changes occurred in governmental activities long-term obligations:

	<u>Balance Outstanding June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2006</u>	<u>Amount Due in One Year</u>
<b>Governmental Activities:</b>					
Capital lease payable	\$ 15,177	\$ 88,736	\$ (24,021)	\$ 79,892	\$ 27,988
Compensated absences	441,447	70,228	(57,044)	454,631	94,973
Early retirement incentive (see Note 12B)	96,322	-	(54,479)	41,843	31,486
General obligation bonds payable	<u>1,565,000</u>	<u>-</u>	<u>(50,000)</u>	<u>1,515,000</u>	<u>55,000</u>
Total long-term obligations, governmental activities	<u>\$ 2,117,946</u>	<u>\$ 158,964</u>	<u>\$ (185,544)</u>	<u>\$ 2,091,366</u>	<u>\$ 209,447</u>

**C. Legal Debt Margin**

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

The effects of these debt limitations at June 30, 2006 are a voted debt margin of \$4,870,114 and an unvoted debt margin of \$68,389.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 15 to 20 days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who can accumulate vacation for up to 3 years at the end of his contract, and the Treasurer who can accumulate vacation for up to 2 years at the end of her contract. Teachers do not earn vacation time.

Administrators, teachers, and classified employees earn sick leave at a rate of 27% of sick leave balance to a maximum of 76 days. Payment of severance shall be paid at time of retirement after all requirements of eligibility have been met.

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

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

**B. Early Retirement Incentive**

The District provides an early retirement incentive plan (ERIP) for State Teachers Retirement System (STRS) employees who are fifty years old by his or her retirement date or the termination of the ERIP and are eligible for retirement under STRS criteria. Under the ERIP, the District will purchase up to two years of retirement service credit in lieu of severance. The ERIP is in effect from June 30, 2001 through May 31, 2002, and from June 1, 2002 through May 31, 2003. Employees enrolled in the ERIP had to notify the District by February 15, 2001, stating his or her intention to retire beginning June 1, 2001 through May 31, 2003. The number of years purchased for any eligible STRS member may not exceed one-fifth of the individual's accumulated service credit prior to the purchase, or a total of two years, whichever is less.

Any STRS member who elects to retire under the ERIP will receive his or her cash payment in lieu of severance based upon the following:

1. Fifty percent payment will be made within thirty days of the thirty-sixth month after the effective date of retirement.
2. Fifty percent payment will be made within thirty days of the forty-eighth month after the effective date of retirement.

As of June 30, 2006, eight employees elected to participate in the ERIP. The liability for employees accepting the ERIP is represented as: "Early Retirement Incentive Payable" in the fund financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 13 - RISK MANAGEMENT**

**A. Property, Fleet, and Liability Insurance**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the District contracted with a commercial insurer for building and personal property coverage in the blanket amount of \$28,017,699, 100% coinsurance, replacement cost endorsement and a \$1,000 deductible.

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

The general liability coverage involves a \$2,000,000 single occurrence limit and \$4,000,000 general aggregate limit with no deductible. An umbrella liability coverage is provided above the previously stated base liability coverages for general and fleet liability in the amount of \$5,000,000 with no deductible.

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

**B. Employee Dishonesty Bonds**

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

**C. Workers' Compensation**

The District participates in the Ohio School Boards Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his/her designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control, and actuarial services to the GRP.

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

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 13 - RISK MANAGEMENT - (Continued)**

The District has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. For the fiscal year 2006, employees are offered a choice of two packages that provide a comprehensive medical plan. As of July 1, 2006, employees have only one package that provides a comprehensive medical plan. The medical plan and prescription drug card are administered by Medical Mutual of Ohio located in Cleveland, Ohio.

The District provides dental coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is \$36.18 for single and \$97.68 for family coverage. This premium includes the employee portion, which is paid by the District. Like the medical premium, this amount is also capped by negotiated union contracts and cannot be raised, except through negotiated agreement.

The claims liability of \$7,000 reported in the fund at June 30, 2006, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the fund's claims liability for the current and prior fiscal year are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2006	\$6,342	\$57,761	\$(57,103)	\$7,000
2005	5,129	46,886	(45,673)	6,342

The District also provides vision coverage for its employees on a fully-insured basis through Reliance Standard. The total monthly premium is \$9.88 for single coverage and \$21.88 for family coverage. This premium includes the employee portion, which is paid by the District. This amount is also capped by negotiated union contracts and cannot be raised, except through negotiated agreement.

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

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 14 - PENSION PLANS - (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$113,866, \$106,956, and \$97,732, respectively; 41.83% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$66,239 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

The 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 may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 14 - PENSION PLANS - (Continued)**

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$454,230, \$453,524, and \$436,594, respectively; 83.66% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$74,226 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal 2006 were \$20 made by the District and \$19 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$34,941 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254.780 million and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 1.13 percent from fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$42,702 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 58,123 participants currently receiving health care benefits.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ 530,230
Net adjustment for revenue accruals	(38,890)
Net adjustment for expenditure accruals	(13,915)
Net adjustment for other sources/uses	65,278
Adjustment for encumbrances	<u>115,191</u>
GAAP basis	<u>\$ 657,894</u>

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 18 - GROUP PURCHASING POOL**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 19 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2005	\$ (327,142)	\$ (1,539,145)	\$ 50,385
Current year set-aside requirement	141,731	141,731	-
Qualifying disbursements	<u>(163,447)</u>	<u>(170,662)</u>	<u>-</u>
 Total	 <u>\$ (348,858)</u>	 <u>\$ (1,568,076)</u>	 <u>\$ 50,385</u>
 Cash balance carried forward to FY 2007	 <u>\$ (348,858)</u>	 <u>\$ (1,539,145)</u>	 <u>\$ 50,385</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

The District had prior year carry forward and qualifying disbursements during the year that reduced the set-aside amount below zero for both the textbooks and capital acquisition reserves, these extra amounts may be used to reduce the set-aside requirement for future years. The negative amounts are therefore presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2006 follows:

Amounts restricted for BWC refunds	<u>\$ 50,385</u>
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**NOTE 20 - LAND LEASE AGREEMENT**

In fiscal year 2001, the District entered into a lease agreement for the use of 148.5 acres of land from the Muller-Hauss-Van Aken Farms L.P. The term of the lease is for a period of fifty years commencing on May 2, 2001, and ending on April 30, 2051, unless otherwise terminated or extended as permitted by the agreement. There is a clause allowing for an additional fifty year extension after April 30, 2051 if agreed upon by both parties. The District shall pay Muller-Hauss-Van Aken Farms L.P. \$29,700 annually on this lease. Muller-Hauss-Von Aken Farms L.P. retains title to the property.

## **SUPPLEMENTAL DATA**

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A),(B) Food Donation	10.550	N/A	\$ -	\$ 38,258	\$ -	\$ 38,258
(A),(C) School Breakfast Program	10.553	049460-05-PU-2006	59,994	-	59,994	-
(A),(C) National School Lunch Program	10.555	049460-LLP4-2006	167,311	-	167,311	-
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<u>227,305</u>	<u>38,258</u>	<u>227,305</u>	<u>38,258</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A</b>						
Twenty-First Century Community Learning Centers	84.287	N/A	-		50,905	
<b>PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	049460-C1-S1-2005	37,313		57,713	
Title I - Grants to Local Educational Agencies	84.010	049460-C1-S1-2006	286,884		272,370	
<b>Total Title I - Grants to Local Educational Agencies</b>			<u>324,197</u>		<u>330,083</u>	
Special Education: Grants to States	84.027	049460-6B-SF-2005-P	40,395		46,653	
Special Education: Grants to States	84.027	049460-6B-SF-2006-P	186,587		169,215	
<b>Total Special Education: Grants to States</b>			<u>226,982</u>		<u>215,868</u>	
Safe and Drug-Free Schools and Communities - State Grants	84.186	049460-DR-S1-2006	8,555		8,555	
State Grants for Innovative Programs	84.298	049460-C2-S1-2005	249		634	
State Grants for Innovative Programs	84.298	049460-C2-S1-2006	2,813		2,813	
<b>Total State Grants for Innovative Programs</b>			<u>3,062</u>		<u>3,447</u>	
Education Technology State Grants	84.318	049460-TJ-S1-2005	910		-	
Education Technology State Grants	84.318	049460-TJ-S1-2006	5,875		4,396	
<b>Total Education Technology State Grants</b>			<u>6,785</u>		<u>4,396</u>	
Improving Teacher Quality State Grants	84.367	049460-TR-S1-2005	7,181		12,909	
Improving Teacher Quality State Grants	84.367	049460-TR-S1-2006	61,635		59,468	
<b>Total Improving Teacher Quality State Grants</b>			<u>68,816</u>		<u>72,377</u>	
<b>Total U.S. Department of Education</b>			<u>638,397</u>		<u>685,631</u>	
<b>Total Federal Financial Assistance</b>			<u>\$ 865,702</u>	<u>\$ 38,258</u>	<u>\$ 912,936</u>	<u>\$ 38,258</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.  
 (B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.  
 (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
 (D) This schedule was prepared on the cash basis of accounting.





**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Plymouth-Shiloh Local School District, Richland County, (the "District"), as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Education  
Plymouth-Shiloh Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of Education of the Plymouth-Shiloh Local School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
October 24, 2006



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its  
Major Program and on Internal Control Over  
Compliance in Accordance With *OMB Circular A-133***

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

Compliance

We have audited the compliance of Plymouth-Shiloh Local School District, Richland County, (the "District"), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2006. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

Board of Education  
Plymouth-Shiloh Local School District

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2006.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Education of Plymouth-Shiloh Local School District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
October 24, 2006

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2006**

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

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

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

**SCHEDULE OF FINDINGS  
*OMB CIRCULAR A-133 § .505*  
JUNE 30, 2006**

**2. FINDING RELATED TO THE BASIC FINANCIAL  
STATEMENTS REPORTED IN ACCORDANCE WITH GAGAS**

None

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

None



**Mary Taylor, CPA**  
Auditor of State

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT**

**RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 18, 2007**