



**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**SINGLE AUDIT-2000
REGULAR AUDIT-1999**

FOR THE YEARS ENDED JUNE 30, 2000 AND JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups As of June 30, 2000	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds As of June 30, 2000	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds As of June 30, 2000	8
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type - For the Fiscal Year Ended June 30, 2000	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type - For the Fiscal Year Ended June 30, 2000	11
Combined Statement of Cash Flows - Proprietary Fund Type - For the Fiscal Year Ended June 30, 2000	12
Notes to the General-Purpose Financial Statements	13
Combined Balance Sheet - All Fund Types and Account Groups As of June 30, 1999	40
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds As of June 30, 1999	42
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds As of June 30, 1999	44
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type - For the Fiscal Year Ended June 30, 1999	46
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type - For the Fiscal Year Ended June 30, 1999	47
Combined Statement of Cash Flows - Proprietary Fund Type - For the Fiscal Year Ended June 30, 1999	48
Notes to the General-Purpose Financial Statements	49
Schedule of Federal Awards Expenditures for the Fiscal Year Ended June 30, 2000	75
Notes to the Schedule of Federal Awards Expenditures for the Fiscal Year Ended June 30, 2000 ...	76
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	77

Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	79
Schedule of Findings	81



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Ansonia Local School District
Darke County
600 East Canal Street
P.O. Box 279
Ansonia, Ohio 45303

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Ansonia Local School District, Darke County, (the District), as of and for the years ended June 30, 2000 and June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Ansonia Local School District, Darke County, as of June 30, 2000 and June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures for the year ended June 30, 2000, 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 29, 2001

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**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$400,890	\$295,422	\$116,952	\$2,993,188
Cash and Cash Equivalents:				
With Fiscal Agent	0	7,333	13,047	0
In Segregated Accounts	0	964	0	0
Receivables:				
Property Taxes	1,415,699	24,542	205,100	62,335
Income Tax	112,083	0	0	0
Accounts	53,140	0	0	0
Intergovernmental	450	0	0	0
Accrued Interest	1,179	0	0	0
Interfund	77,637	0	0	0
Inventory of Supplies and Materials	2,967	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	4,831	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	203,679	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$2,272,555</u>	<u>\$328,261</u>	<u>\$335,099</u>	<u>\$3,055,523</u>
 Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$28,442	\$59,766	\$0	\$2,833
Contracts Payable	0	0	0	57,573
Accrued Wages and Benefits Payable	387,434	27,360	0	0
Interfund Payable	0	58,769	0	18,868
Intergovernmental Payable	93,010	13,816	0	0
Due to Students	0	0	0	0
Deferred Revenue	1,326,160	22,304	184,506	55,446
Compensated Absences Payable	8,751	0	0	0
Capital Leases Payable	0	0	0	0
Matured Interest Payable	0	0	13,047	0
Long-Term Notes Payable	0	0	0	0
Total Liabilities	<u>1,843,797</u>	<u>182,015</u>	<u>197,553</u>	<u>134,720</u>
 Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	11,317	44,092	0	150,954
Reserved for Inventory of Materials and Supplies	2,967	0	0	0
Reserved for Property Taxes	89,539	2,238	20,594	6,889
Reserved for Textbooks and Instructional Materials	36,921	0	0	0
Reserved for Bus Purchases	98,814	0	0	0
Reserved for Budget Stabilization	67,944	0	0	0
Designated for Capital Improvements	4,316	0	0	0
Unreserved, Undesignated	116,940	99,916	116,952	2,762,960
Total Fund Equity and Other Credits	<u>428,758</u>	<u>146,246</u>	<u>137,546</u>	<u>2,920,803</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,272,555</u>	<u>\$328,261</u>	<u>\$335,099</u>	<u>\$3,055,523</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$32,056	\$26,872	\$0	\$0	\$3,865,380
0	0	0	0	20,380
0	0	0	0	964
0	0	0	0	1,707,676
0	0	0	0	112,083
6,492	0	0	0	59,632
0	0	0	0	450
0	0	0	0	1,179
0	0	0	0	77,637
796	0	0	0	3,763
3,412	0	0	0	3,412
0	0	0	0	4,831
0	0	0	0	203,679
49,491	0	4,676,254	0	4,725,745
0	0	0	137,546	137,546
0	0	0	2,815,193	2,815,193
<u>\$92,247</u>	<u>\$26,872</u>	<u>\$4,676,254</u>	<u>\$2,952,739</u>	<u>\$13,739,550</u>
\$153	\$0	\$0	\$0	\$91,194
0	0	0	0	57,573
19,525	0	0	0	434,319
0	0	0	0	77,637
9,149	0	0	35,393	151,368
0	18,329	0	0	18,329
2,416	0	0	0	1,590,832
5,711	0	0	337,736	352,198
0	0	0	16,610	16,610
0	0	0	0	13,047
0	0	0	2,563,000	2,563,000
<u>36,954</u>	<u>18,329</u>	<u>0</u>	<u>2,952,739</u>	<u>5,366,107</u>
0	0	4,676,254	0	4,676,254
61,682	0	0	0	61,682
(6,389)	0	0	0	(6,389)
0	1,000	0	0	207,363
0	0	0	0	2,967
0	0	0	0	119,260
0	0	0	0	36,921
0	0	0	0	98,814
0	0	0	0	67,944
0	0	0	0	4,316
0	7,543	0	0	3,104,311
<u>55,293</u>	<u>8,543</u>	<u>4,676,254</u>	<u>0</u>	<u>8,373,443</u>
<u>\$92,247</u>	<u>\$26,872</u>	<u>\$4,676,254</u>	<u>\$2,952,739</u>	<u>\$13,739,550</u>

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Property and Other Taxes	\$952,102	\$13,786	\$126,835	\$75,831	\$0	\$1,168,554
Income Tax	374,721	0	0	0	0	374,721
Tuition and Fees	142,258	0	0	0	0	142,258
Interest	57,695	0	1,861	70,986	573	131,115
Intergovernmental	2,617,592	529,048	11,110	455,917	0	3,613,667
Extracurricular Activities	0	125,011	0	0	0	125,011
Miscellaneous	12,877	0	0	643	0	13,520
Total Revenues	<u>4,157,245</u>	<u>667,845</u>	<u>139,806</u>	<u>603,377</u>	<u>573</u>	<u>5,568,846</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,724,930	104,369	0	2,201	50	1,831,550
Special	378,678	99,917	0	0	0	478,595
Vocational	172,408	0	0	0	0	172,408
Support Services:						
Pupils	130,946	37,861	0	0	0	168,807
Instructional Staff	268,297	52,099	0	10,322	0	330,718
Board of Education	20,602	0	0	0	0	20,602
Administration	443,689	63,977	0	0	0	507,666
Fiscal	95,178	1,099	2,260	1,559	0	100,096
Business	3,730	0	0	0	0	3,730
Operation and Maintenance of Plant	328,162	0	0	35,219	0	363,381
Pupil Transportation	312,460	132	0	0	0	312,592
Central	9,600	0	0	0	0	9,600
Extracurricular Activities	103,541	42,075	0	0	1,100	146,716
Capital Outlay	36,902	191,271	0	259,420	0	487,593
Debt Service:						
Principal Retirement	0	0	0	15,896	0	15,896
Interest and Fiscal Charges	0	0	0	1,625	0	1,625
Total Expenditures	<u>4,029,123</u>	<u>592,800</u>	<u>2,260</u>	<u>326,242</u>	<u>1,150</u>	<u>4,951,575</u>
Excess of Revenues Over (Under) Expenditures	128,122	75,045	137,546	277,135	(577)	617,271
Other Financing Sources:						
Proceeds from Sale of Long-Term Notes	0	0	0	2,563,000	0	2,563,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	128,122	75,045	137,546	2,840,135	(577)	3,180,271
Fund Balances at Beginning of Year	302,546	71,201	0	80,668	9,120	463,535
Decrease in Reserve for Inventory	(1,910)	0	0	0	0	(1,910)
Fund Balances at End of Year	<u>\$428,758</u>	<u>\$146,246</u>	<u>\$137,546</u>	<u>\$2,920,803</u>	<u>\$8,543</u>	<u>\$3,641,896</u>

See Accompanying Notes to the General Purpose Financial Statements.

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**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$940,059	\$940,059	\$0	\$11,548	\$11,548	\$0
Income Tax	371,782	371,782	0	0	0	0
Tuition and Fees	90,419	90,419	0	0	0	0
Interest	56,589	56,589	0	0	0	0
Intergovernmental	2,623,951	2,623,951	0	529,048	529,048	0
Extracurricular Activities	0	0	0	125,083	125,083	0
Miscellaneous	12,242	12,242	0	0	0	0
Total Revenues	4,095,042	4,095,042	0	665,679	665,679	0
Expenditures:						
Current:						
Instruction:						
Regular	1,745,217	1,745,217	0	466,479	466,479	0
Special	376,412	376,412	0	88,283	88,283	0
Vocational	174,367	174,367	0	0	0	0
Other	17,468	17,468	0	0	0	0
Support Services:						
Pupils	125,870	125,870	0	39,795	39,795	0
Instructional Staff	280,467	280,467	0	58,547	58,547	0
Board of Education	21,226	21,226	0	0	0	0
Administration	449,674	449,624	50	65,325	65,325	0
Fiscal	98,432	98,432	0	1,099	1,099	0
Business	3,730	3,730	0	0	0	0
Operation and Maintenance of Plant	357,652	357,652	0	0	0	0
Pupil Transportation	366,051	366,051	0	132	132	0
Central	9,698	9,698	0	0	0	0
Extracurricular Activities	103,455	103,455	0	65,440	65,440	0
Capital Outlay	0	0	0	0	0	0
Total Expenditures	4,129,719	4,129,669	50	785,100	785,100	0
Excess of Revenues Over (Under) Expenditures	<u>(34,677)</u>	<u>(34,627)</u>	<u>50</u>	<u>(119,421)</u>	<u>(119,421)</u>	<u>0</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Long-Term Notes	0	0	0	0	0	0
Refund of Prior Year Expenditures	67,792	67,792	0	0	0	0
Advances - In	0	0	0	58,768	58,768	0
Advances - Out	<u>(58,768)</u>	<u>(58,768)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	9,024	9,024	0	58,768	58,768	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(25,653)	(25,603)	50	(60,653)	(60,653)	0
Fund Balances at Beginning of Year	494,074	494,074	0	242,368	242,368	0
Prior Year Encumbrances Appropriated	<u>85,333</u>	<u>85,333</u>	<u>0</u>	<u>19,535</u>	<u>19,535</u>	<u>0</u>
Fund Balances at End of Year	<u>\$553,754</u>	<u>\$553,804</u>	<u>\$50</u>	<u>\$201,250</u>	<u>\$201,250</u>	<u>\$0</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$106,241	\$106,241	\$0	\$69,883	\$69,883	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,188	1,188	0	55,833	55,833	0	562	562	0
11,110	11,110	0	455,917	455,917	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
118,539	118,539	0	581,633	581,633	0	562	562	0
0	0	0	25,229	25,229	0	50	50	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	10,642	10,642	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2,260	2,260	0	1,597	1,597	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	97,247	97,247	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,100	2,100	0
0	0	0	297,994	297,994	0	0	0	0
2,260	2,260	0	432,709	432,709	0	2,150	2,150	0
116,279	116,279	0	148,924	148,924	0	(1,588)	(1,588)	0
0	0	0	2,563,000	2,563,000	0	0	0	0
0	0	0	643	643	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	2,563,643	2,563,643	0	0	0	0
116,279	116,279	0	2,712,567	2,712,567	0	(1,588)	(1,588)	0
0	0	0	86,523	86,523	0	9,082	9,082	0
0	0	0	24,921	24,921	0	0	0	0
\$116,279	\$116,279	\$0	\$2,824,011	\$2,824,011	\$0	\$7,494	\$7,494	\$0

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
Operating Revenues:	
Sales	\$139,660
Tuition and Fees	29,993
Total Operating Revenues	169,653
 Operating Expenses:	
Salaries and Wages	102,409
Fringe Benefits	32,969
Purchased Services	605
Supplies and Materials	7,682
Cost of Sales	82,305
Depreciation	6,272
Other Expenses	240
Total Operating Expenses	232,482
 Operating Loss	(62,829)
 Non-Operating Revenues (Expenses):	
Federal and State Subsidies	42,825
Federal Donated Commodities	12,954
Interest	221
Loss of Sale of Fixed Assets	(767)
Total Non-Operating Revenues (Expenses)	55,233
 Net Loss	(7,596)
 Retained Earnings at Beginning of Year	1,207
 Retained Earnings (Deficit) at End of Year	(6,389)
 Contributed Capital at Beginning and End of Year	61,682
 Fund Equity at End of Year	\$55,293

See Accompanying Notes to the General Purpose Financial Statements.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$139,403	\$139,403	\$0
Tuition and Fees	29,993	29,993	0
Interest	210	210	0
Federal and State Subsidies	42,825	42,825	0
Total Revenues	212,431	212,431	0
Expenses:			
Salaries and Wages	109,487	109,487	0
Fringe Benefits	33,821	33,821	0
Purchased Services	650	650	0
Supplies and Materials	78,438	78,438	0
Capital Outlay	50	50	0
Other Expenses	240	240	0
Total Expenses	222,686	222,686	0
Excess of Revenues Under Expenses	(10,255)	(10,255)	0
Fund Equity at Beginning of Year	39,124	39,124	0
Prior Year Encumbrances Appropriated	1,815	1,815	0
Fund Equity at End of Year	\$30,684	\$30,684	\$0

See Accompanying Notes to the General Purpose Financial Statements.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$169,396
Cash Payments for Employee Services and Benefits	(143,308)
Cash Payments to Suppliers for Goods and Services	(77,819)
Other Operating Expenses	(240)
Net Cash Used In Operating Activities	(51,971)
 Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	42,825
Net Cash Provided By Noncapital Financing Activities	42,825
 Cash Flows from Investing Activities:	
Interest	221
Net Cash Provided By Investing Activities	221
 Net Decrease in Cash and Cash Equivalents	(8,925)
 Cash and Cash Equivalents Beginning of Year	40,981
 Cash and Cash Equivalents End of Year	\$32,056
 Reconciliation of Operating Loss to Net	
<u>Cash Used In Operating Activities:</u>	
Operating Loss	(\$62,829)
 Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	6,272
Donated Commodities Received	12,954
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(257)
Increase in Supplies Inventory	(21)
Increase in Inventory Held for Resale	(127)
Decrease in Accounts Payable	(33)
Increase in Accrued Salaries Payable	3,039
Decrease in Intergovernmental Payable	(1,226)
Decrease in Compensated Absences Payable	(9,743)
Net Cash Used In Operating Activities	(\$51,971)

See Accompanying Notes to the General Purpose Financial Statements.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1959 through the consolidation of existing land areas and School Districts. The School District serves an area of approximately 65 square miles. It is located in Darke County, and includes all of the Village of Ansonia and portions of New Weston, Rossburg, Brown, Richland, Wabash, North Star and York Townships. It is staffed by 35 non-certificated employees, 53 certificated full-time teaching personnel and 4 administrative employees who provide services to 722 students and other community members. The School District currently operates 3 instructional buildings and 1 garage.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes for the organization. The School District does not have any component units.

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Village of Ansonia The village government of Ansonia is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The School District is associated with three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Metropolitan Dayton Educational Cooperative Association
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ansonia Local School District have been prepared in conformity with generally accepted accounting principles (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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund

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

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Funds

The enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds 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 balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, taxpayer-assessed income taxes, tuition, grants and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. A portion of the Eisenhower, title VI-B and preschool special revenue funds grant activity, that is administered by a fiscal agent, is not budgeted by the School District. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Darke County Budget Commission for rate determination.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. Prior to year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted, however, none of them were significant. Prior to year end, the School District passed appropriations to match expenditures plus encumbrances. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and expendable trust funds and reported in the notes to the financial statements for proprietary funds.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. In addition, the balance of various grants administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents." The School District also has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

During fiscal year 2000, investments were limited to STAR Ohio. 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, 2000.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$57,695 which includes \$29,380 assigned from other School District funds. The debt service fund, the capital projects funds, the expendable trust funds, and the enterprise funds also received interest in the amounts of \$1,861, \$70,986, \$573 and \$221, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Inventory

Inventories of governmental funds are stated at cost while 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 in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three hundred dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten to fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

For governmental funds and expendable trust funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds

- Disadvantaged Pupil Program Fund
- Career Education
- Professional Development Block Grant
- Public School Preschool
- Disadvantaged Pupil Impact Aid
- Adult Vocational Education
- Vocational Education
- Title III
- Education Management Information Systems
- Title I
- Title VI
- Title VI-B
- Drug-Free Schools
- Expanded Workforce

Capital Projects Funds

- Vocational Matching Funds
- School Net Plus
- Technology Equity

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Fund

- E Rate

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 65 percent of governmental fund revenue during the 2000 fiscal year.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as interfund receivables and interfund payables.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees with unpaid leave are paid, the remainder is reported in the general long-term debt account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental and expendable trust fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have been paid using current available financial resources. General obligation bonds and capital leases are recorded as a liability of the general long-term obligations account group. Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials and the creation of a reserve for budget stabilization.

N. Estimates

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

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Reserves

The School 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, inventory of supplies and materials, property taxes, textbooks and instructional materials, budget stabilization and school bus purchases. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

P. Fund Designations

Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside for capital improvements which exceed the statutory required amount. The amount designated for capital improvements this year for the School District is \$4,316.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY

The title VI-R and library services special revenue funds had deficit fund balances at June 30, 2000, of \$71 and \$809, respectively. The deficits in these funds are due to GAAP accrual adjustments. The general fund is liable for the deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The School District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to the School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
6. For proprietary funds, the loss on disposal of fixed assets is not presented as an operating transaction (budget basis), rather, it is recorded as a nonoperating expense (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$128,122	\$75,045	\$137,546	\$2,840,135	(\$577)
Revenue Accruals	4,398	(8,291)	(20,594)	(5,711)	38
Expenditure Accruals	(55,737)	(90,795)	0	47,320	0
Prepaid Items	781	0	0	0	0
Unrecorded Cash	1,191	0	(673)	(15,390)	(49)
Non-Budgeted Funds	0	6,125	0	0	(1,000)
Advances	(58,768)	58,768	0	0	0
Encumbrances	(45,590)	(101,505)	0	(153,787)	0
Budget Basis	<u>(\$25,603)</u>	<u>(\$60,653)</u>	<u>\$116,279</u>	<u>\$2,712,567</u>	<u>(\$1,588)</u>

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Loss/Excess of Revenues Under Expenses Proprietary Fund Type	Enterprise
GAAP Basis	(\$7,596)
Revenue Accruals	(236)
Expense Accruals	(8,259)
Supplies and Materials Inventory	21
Inventory held for Resale	127
Unrecorded Cash	(32)
Depreciation Expense	6,272
Loss on Disposal of Fixed Assets	767
Encumbrances	(1,319)
Budget Basis	(\$10,255)

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, 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.

State Statute permits 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;

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

Investments may only be made through specified dealers and institutions. 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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

The "Cash and Cash Equivalents with Fiscal Agent" of \$7,333 shown in the special revenue funds is maintained with the Darke County Educational Service Center and is not included in the deposits for Ansonia Local School District. GASB 3 disclosures regarding this amount can be obtained from the Educational Service Center's annual report.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$112,842 and the bank balance was \$138,749. Of the bank balance:

1. \$114,011 was covered by federal depository insurance; and
2. \$24,738 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form and has a fair value of \$3,970,228.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9		
Cash and Cash Equivalents with Fiscal Agent	\$4,090,403	\$0
Cash Held with the Darke County Educational Service Center	(7,333)	0
Investment: STAR Ohio	(3,970,228)	3,970,228
GASB Statement 3	\$112,842	\$3,970,228

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$31,224,680	80.82%	\$31,953,730	80.25%
Public Utility Personal	4,621,980	11.96	4,580,190	11.50
Tangible Personal Property	2,787,420	7.22	3,285,430	8.25
Total Assessed Value	<u>\$38,634,080</u>	<u>100.00%</u>	<u>\$39,819,350</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.88		\$41.48	

The tax rate increased due to a new levy related to the School Facilities Construction and Improvement Notes. The School District receives property taxes from Darke County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2000, was \$119,260 and is recognized as revenue. Of this amount, \$89,539 was available in the general fund, \$2,238 was available in the classroom facilities maintenance special revenue fund, \$20,594 was available in the bond retirement debt service fund, and \$6,889 was available in the permanent improvement capital projects fund.

7. INCOME TAX

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$374,721 is credited to the General Fund.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

8. RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), accrued interest, interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds.

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$104,779
Less: Accumulated Depreciation	<u>(55,288)</u>
Net Fixed Assets	<u><u>\$49,491</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$72,425	\$0	\$0	\$72,425
Buildings and Improvements	2,358,801	89,605	0	2,448,406
Furniture, Fixtures and Equipment	1,109,185	267,335	4,504	1,372,016
Vehicles	552,850	0	0	552,850
Construction in Progress	0	230,557	0	230,557
Total General Fixed Assets	<u><u>\$4,093,261</u></u>	<u><u>\$587,497</u></u>	<u><u>\$4,504</u></u>	<u><u>\$4,676,254</u></u>

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2000, the School District contracted with Nationwide Insurance and Phelan Insurance for property and fleet insurance, liability insurance, and inland marine coverage.

Coverages provided by Nationwide Insurance and Phelan Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$12,780,124
Inland Marine Coverage (\$100 deductible)	187,167
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	1,000
Automobile Liability (\$250 deductible)	1,100,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

10. RISK MANAGEMENT (Continued)

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

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the in the group plan. 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 group. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the group. A participant will then either receive money from or be required to contributed to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the group is limited to school districts that can meet the group's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the group.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 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 a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$31,434, \$41,513 and \$57,540, respectively; 38.87 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$19,217 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$131,747, \$105,231 and \$210,400, respectively; 83.56 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$21,653 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board member contributes to SERS.

12. POSTEMPLOYMENT BENEFITS

The School 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored 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. Most benefit recipients pay a portion of the 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, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$175,663 for fiscal year 2000.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 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. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

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, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent over fiscal year 1999. 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 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$57,616.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, personal and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Classified employees earn three days of personal leave per fiscal year. Accumulated, unused personal leave is paid to classified employees and administrators upon termination of employment. Teachers earn personal leave, but it is not paid to them upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for 30 days of accrued, but unused sick leave credit. Certified employees are paid an additional 10 days if they have taught the last five consecutive years at Ansonia Local School District. They receive an additional 20 days if they taught the last ten years, and they will receive an additional 30 days if they have taught the last fifteen years. Classified employees with five years of consecutive service receive an additional fifteen days. Thus, certified staff can receive a maximum of 60 days, while classified staff can receive a maximum of 45 days.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

13. OTHER EMPLOYEE BENEFITS (Continued)

B. Health Insurance

The School District provides medical/surgical insurance to most employees through Anthem Blue Cross Blue Shield.

14. CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into a capitalized lease for computers. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards 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 general purpose financial statements. These expenditures are reported as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$47,645, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	\$17,440
Total	17,440
Less: Amount Representing Interest	(830)
Present Value of Net Minimum Lease Payments	\$16,610

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Amount Outstanding 6/30/99	Additions	Deductions	Amount Outstanding 6/30/00
School Facilities Construction and Improvement Notes 2000 4.60%	\$0	\$2,563,000	\$0	\$2,563,000
Intergovernmental Payable	34,082	35,393	34,082	35,393
Capital Leases Payable	32,506	0	15,896	16,610
Compensated Absences	296,018	41,718	0	337,736
Total General Long-Term Obligations	\$362,606	\$2,640,111	\$49,978	\$2,952,739

Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period. The capital leases will be paid from the school net capital projects fund.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

The School District's overall legal debt margin was \$6,009,196 with an unvoted debt margin of \$39,819 at June 30, 2000.

School Facilities Construction and Improvement Notes - On February 3, 2000 the School District issued notes in the amount of \$2,563,000. The notes were issued in anticipation of School Facilities Construction and Improvement General Obligation Bonds for the purpose of building new school facilities. The notes have a maturity date of August 1, 2000 and will be paid off using the School Facilities Construction and Improvement General Obligation Bonds. Since the School District had taken all the legal steps to refinance these notes with bonds prior to the balance sheet date, the notes are recorded as long-term.

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and a preschool program. The table below reflects the more significant financial data relating to the enterprise funds of the Ansonia Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Preschool	Total Enterprise Funds
Operating Revenues	\$119,661	\$19,999	\$29,993	\$169,653
Depreciation Expense	5,348	0	924	6,272
Operating Income (Loss)	(46,199)	4,456	(21,086)	(62,829)
Donated Commodities	12,954	0	0	12,954
Federal and State Subsidies	42,825	0	0	42,825
Interest	221	0	0	221
Loss on Sale of Fixed Assets	(767)	0	0	(767)
Net Income (Loss)	9,034	4,456	(21,086)	(7,596)
Net Working Capital (Deficit)	(8,706)	17,476	2,743	11,513
Total Assets	62,065	17,476	12,706	92,247
Long-Term Liabilities				
Payable from Revenue	5,711	0	0	5,711
Total Equity	34,666	17,476	3,151	55,293
Encumbrances Outstanding at June 30, 2000	684	0	635	1,319

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association - The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is a association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$16,623 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2000, Ansonia Local School District paid \$3,730 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members as the State-assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2000, the School District paid \$520 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

B. Insurance Purchasing Pool

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

18. SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,488,409 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided grant money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$415,653 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

18. SCHOOL FUNDING COURT DECISION (Continued)

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$0	\$0	\$40,986
Current Year Set-aside Requirement	80,786	82,316	26,958
Additional Money Set Aside	32,863	4,316	0
Current Year Offsets	0	(2,731,063)	0
Qualifying Disbursements	<u>(76,728)</u>	<u>0</u>	<u>0</u>
Set-aside Balances Carried Forward to FY 2001	<u>\$36,921</u>	<u>(\$2,644,431)</u>	<u>\$67,944</u>
Set-aside Reserve Balances as of June 30, 2000	<u>\$36,921</u>	<u>\$0</u>	<u>\$67,944</u>

The capital acquisition set-aside balance can be used to reduce the set-aside requirement in future fiscal years. The total reserve balance at the end of the fiscal year was \$104,865.

20. CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had a contractual purchase commitments with Steed Hammond Paul, Contractor for \$125,000.

21. INTERFUND BALANCES

As of June 30, 2000, the general fund had an interfund receivable of \$77,637, the raising the bar grant special revenue fund had an interfund payable of \$58,769, and the school building assistance capital projects fund had an interfund payable of \$18,868.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

22. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

22. CONTINGENCIES (Continued)

B. Litigation

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

23. SUBSEQUENT EVENTS

On August 1, 2000, the School District issued \$2,562,999 in School Facilities Construction and Improvement General Obligation Bonds to pay off the School Facilities Construction and Improvement Notes that were issued during fiscal year 2000. \$1,245,000 of the bonds are current interest bonds, with maturity dates from December 1, 2000 to December 1, 2011 and December 1, 2022. The bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption between December 2015 and December 2021. The remaining \$47,999.64 of the bonds are capital appreciation bonds. These bonds mature December 1, 2012, 2013 and 2014. The maturity amount is \$130,000 for each, or \$390,000 total.

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ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$532,602	\$234,726	\$0	\$111,682
Cash and Cash Equivalents With Fiscal Agent	0	27,175	13,047	0
Cash and Cash Equivalents In Segregated Accounts	0	590	0	0
Receivables:				
Property Taxes	1,336,642	0	0	74,461
Income Tax	109,144	0	0	0
Accounts	3,290	72	0	0
Intergovernmental	8,050	0	0	0
Accrued Interest	1,264	0	0	0
Interfund	18,868	0	0	0
Inventory of Supplies and Materials	4,877	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	4,050	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	50,790	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
Total Assets and Other Debits	<u>\$2,069,577</u>	<u>\$262,563</u>	<u>\$13,047</u>	<u>\$186,143</u>
 Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$65,092	\$171,049	\$0	\$38
Contracts Payable	0	0	0	13,048
Accrued Wages and Benefits Payable	366,805	17,440	0	0
Interfund Payable	0	0	0	18,868
Intergovernmental Payable	68,591	2,874	0	0
Due to Students	0	0	0	0
Deferred Revenue	1,259,146	0	0	73,520
Compensated Absences Payable	7,397	0	0	0
Capital Leases Payable	0	0	0	0
Matured Interest Payable	0	0	13,047	0
Total Liabilities	<u>1,767,031</u>	<u>191,363</u>	<u>13,047</u>	<u>105,474</u>
 Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	46,984	11,275	0	11,874
Reserved for Inventory	4,877	0	0	0
Reserved for Property Taxes	62,291	0	0	0
Reserved for Bus Purchase	9,804	0	0	0
Reserved for Budget Stabilization	40,986	0	0	0
Unreserved, Undesignated	137,604	59,926	0	68,794
Total Fund Equity and Other Credits	<u>302,546</u>	<u>71,201</u>	<u>0</u>	<u>80,668</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,069,577</u>	<u>\$262,564</u>	<u>\$13,047</u>	<u>\$186,142</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Trust and Agency			
\$40,981	\$27,193	\$0	\$0	\$947,184
0	0	0	0	40,222
0	0	0	0	590
0	0	0	0	1,411,103
0	0	0	0	109,144
6,235	0	0	0	9,597
0	0	0	0	8,050
0	0	0	0	1,264
0	0	0	0	18,868
775	0	0	0	5,652
2,627	0	0	0	2,627
0	0	0	0	4,050
0	0	0	0	50,790
56,530	0	4,093,261	0	4,149,791
0	0	0	362,606	362,606
<u>\$107,148</u>	<u>\$27,193</u>	<u>\$4,093,261</u>	<u>\$362,606</u>	<u>\$7,121,538</u>

\$186	\$0	\$0	\$0	\$236,365
0	0	0	0	13,048
16,486	0	0	0	400,731
0	0	0	0	18,868
10,375	0	0	34,082	115,922
0	18,073	0	0	18,073
1,758	0	0	0	1,334,424
15,454	0	0	296,018	318,869
0	0	0	32,506	32,506
0	0	0	0	13,047
<u>44,259</u>	<u>18,073</u>	<u>0</u>	<u>362,606</u>	<u>2,501,853</u>

0	0	4,093,261	0	4,093,261
61,682	0	0	0	61,682
1,207	0	0	0	1,207
0	0	0	0	70,133
0	0	0	0	4,877
0	0	0	0	62,291
0	0	0	0	9,804
0	0	0	0	40,986
0	9,120	0	0	275,444
<u>62,889</u>	<u>9,120</u>	<u>4,093,261</u>	<u>0</u>	<u>4,619,685</u>
<u>\$107,148</u>	<u>\$27,193</u>	<u>\$4,093,261</u>	<u>\$362,606</u>	<u>\$7,121,538</u>

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expensible Trust	
Revenues:					
Property and Other Taxes	\$898,068	\$0	\$64,870	\$0	\$962,938
Income Tax	358,372	0	0	0	358,372
Tuition and Fees	99,268	0	0	0	99,268
Interest	49,902	0	7,085	472	57,459
Intergovernmental	2,494,827	408,166	486,973	0	3,389,966
Extracurricular Activities	72	99,110	0	0	99,182
Miscellaneous	15,787	0	1,220	0	17,007
Total Revenues	3,916,296	507,276	560,148	472	4,984,192
Expenditures:					
Current:					
Instruction:					
Regular	1,717,076	120,354	15,529	0	1,852,959
Special	357,169	115,850	0	0	473,019
Vocational	161,235	369	1,605	0	163,209
Other	106	0	0	0	106
Support Services:					
Pupils	111,061	8,364	0	0	119,425
Instructional Staff	246,482	202,186	1,000	0	449,668
Board of Education	19,919	0	0	0	19,919
Administration	413,542	56,632	0	0	470,174
Fiscal	88,899	2,202	0	0	91,101
Business	5,834	0	1,594	0	7,428
Operation and Maintenance of Plant	300,213	0	45,317	0	345,530
Pupil Transportation	276,095	83	0	0	276,178
Central	7,994	0	0	0	7,994
Extracurricular Activities	93,553	46,796	0	1,000	141,349
Capital Outlay	154,560	19,053	457,151	0	630,764
Debt Service					
Debt Service - Principal	0	0	15,139	0	15,139
Debt Service - Interest	0	0	2,382	0	2,382
Total Expenditures	3,953,738	571,889	539,717	1,000	5,066,344
Excess of Revenues Over (Under) Expenditures	(37,442)	(64,613)	20,431	(528)	(82,152)
Other Financing Sources:					
Inception of Capital Lease	0	0	47,645	0	47,645
Proceeds from Sale of Fixed Assets	8,365	0	0	0	8,365
Total Other Financing Sources	8,365	0	47,645	0	56,010
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(29,077)	(64,613)	68,076	(528)	(26,142)
Fund Balances at Beginning of Year	331,909	135,814	12,592	9,648	489,963
Decrease in Reserve for Inventory	(286)	0	0	0	(286)
Fund Balances at End of Year	\$302,546	\$71,201	\$80,668	\$9,120	\$463,535

See Accompanying Notes to the General Purpose Financial Statements.

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**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$886,925	\$886,925	\$0	\$0	\$0	\$0
Income Tax	356,907	356,907	0	0	0	0
Tuition and Fees	98,027	98,027	0	0	0	0
Interest	49,107	49,107	0	0	0	0
Intergovernmental	2,488,168	2,488,168	0	400,872	400,872	0
Extracurricular Activities	0	0	0	100,463	100,673	210
Miscellaneous	10,378	10,378	0	0	0	0
Total Revenues	3,889,512	3,889,512	0	501,335	501,545	210
Expenditures:						
Current:						
Instruction:						
Regular	1,683,464	1,683,464	0	60,352	60,352	0
Special	356,006	356,006	0	117,963	117,963	0
Vocational	163,014	163,014	0	369	369	0
Other	47,110	47,110	0	0	0	0
Support Services:						
Pupils	111,747	111,747	0	9,752	9,752	0
Instructional Staff	253,710	253,710	0	104,775	104,775	0
Board of Education	20,191	20,191	0	0	0	0
Administration	421,585	421,585	0	57,159	57,159	0
Fiscal	105,748	105,748	0	2,199	2,199	0
Business	5,834	5,834	0	0	0	0
Operation and Maintenance of Plant	368,748	368,748	0	0	0	0
Pupil Transportation	380,863	380,863	0	83	83	0
Central	9,007	9,007	0	0	0	0
Extracurricular Activities	93,350	93,350	0	55,353	55,353	0
Total Expenditures	4,020,377	4,020,377	0	408,005	408,005	0
Excess of Revenues Over (Under) Expenditures	(130,865)	(130,865)	0	93,330	93,540	210
Other Financing Sources:						
Proceeds from Sale of Fixed Assets	8,366	8,366	0	0	0	0
Refund of Prior Year Expenditures	5,179	5,179	0	0	0	0
Advances - In	0	0	0	0	0	0
Advances - Out	(18,868)	(18,868)	0	0	0	0
Transfers - Out	0	0	0	0	0	0
Total Other Financing Sources	(5,323)	(5,323)	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(136,188)	(136,188)	0	93,330	93,540	210
Fund Balances at Beginning of Year	558,731	558,731	0	134,154	134,154	0
Prior Year Encumbrances Appropriated	71,532	71,532	0	14,674	14,674	0
Fund Balances at End of Year	\$494,075	\$494,075	\$0	\$242,158	\$242,368	\$210

See Accompanying Notes to the General Purpose Financial Statements.

Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$68,038	\$68,038	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
7,166	7,166	0	485	485	0
486,973	486,973	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>562,177</u>	<u>562,177</u>	<u>0</u>	<u>485</u>	<u>485</u>	<u>0</u>
64,974	64,974	0	0	0	0
0	0	0	0	0	0
1,605	1,605	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,000	1,000	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,556	1,556	0	0	0	0
570,965	570,965	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,000	1,000	0
<u>640,100</u>	<u>640,100</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
<u>(77,923)</u>	<u>(77,923)</u>	<u>0</u>	<u>(515)</u>	<u>(515)</u>	<u>0</u>
0	0	0	0	0	0
1,220	1,220	0	0	0	0
18,868	18,868	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>20,088</u>	<u>20,088</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(57,835)	(57,835)	0	(515)	(515)	0
88,672	88,672	0	9,597	9,597	0
55,685	55,685	0	0	0	0
<u>\$86,522</u>	<u>\$86,522</u>	<u>\$0</u>	<u>\$9,082</u>	<u>\$9,082</u>	<u>\$0</u>

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Enterprise
Operating Revenues:	
Sales	\$146,802
Tuition and Fees	28,720
Total Operating Revenues	175,522
Operating Expenses:	
Salaries and Wages	106,840
Fringe Benefits	33,122
Purchased Services	1,979
Supplies and Materials	7,757
Cost of Sales	88,771
Depreciation	8,771
Other Expenses	240
Total Operating Expenses	247,480
Operating Loss	(71,958)
Non-Operating Revenues:	
Federal and State Subsidies	39,099
Federal Donated Commodities	14,764
Interest	87
Total Non-Operating Revenues	53,950
Net Loss	(18,008)
Retained Earnings at Beginning of Year	19,215
Retained Earnings at End of Year	1,207
Contributed Capital at Beginning and End of Year	47,573
Contributions During Year From Governmental Funds	14,109
Contributed Capital at End of Year	61,682
Fund Equity at End of Year	\$62,889

See Accompanying Notes to the General Purpose Financial Statements.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$140,567	\$140,567	\$0
Tuition	28,720	28,720	0
Interest	66	66	0
Federal and State Subsidies	39,099	39,099	0
Total Revenues	208,452	208,452	0
Expenses:			
Salaries and Wages	97,498	97,498	0
Fringe Benefits	32,530	32,530	0
Purchased Services	2,076	2,076	0
Supplies and Materials	82,703	82,703	0
Capital Outlay	672	672	0
Other Expenses	240	240	0
Total Expenses	215,719	215,719	0
 Excess of Revenues Under Expenses	 (7,267)	 (7,267)	 0
 Fund Equity at Beginning of Year	 44,691	 44,691	 0
Prior Year Encumbrances Appropriated	1,700	1,700	0
Fund Equity at End of Year	\$39,124	\$39,124	0

See Accompanying Notes to the General Purpose Financial Statements.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents	
<hr/>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$169,287
Cash Payments for Employee Services and Benefits	(130,029)
Cash Payments to Suppliers for Goods and Services	(83,636)
Other Operating Expenses	(240)
Net Cash Used In Operating Activities	(44,618)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	39,099
Net Cash Provided By Noncapital Financing Activities	39,099
Cash Flows from Investing Activities:	
Interest	87
Net Cash Provided By Investing Activities	87
Net Decrease in Cash and Cash Equivalents	(5,432)
Cash and Cash Equivalents Beginning of Year	46,413
Cash and Cash Equivalents End of Year	\$40,981
Reconciliation of Operating Loss to Net	
Cash Used In Operating Activities:	
<hr/>	
Operating Loss	(\$71,958)
Adjustments to Reconcile Operating Loss to	
Net Cash Used In Operating Activities:	
Depreciation	8,771
Donated Commodities Received	14,764
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(6,235)
Increase in Supplies Inventory	(190)
Decrease in Inventory Held for Resale	111
Increase in Accounts Payable	186
Increase in Accrued Salaries Payable	4,344
Increase in Intergovernmental Payable	526
Increase in Compensated Absences Payable	5,063
Net Cash Used In Operating Activities	(\$44,618)

Non-Cash Transactions:

Contributions to fixed assets from the general fixed assets account group were received in the food service enterprise fund with a book value of \$14,109.

See Accompanying Notes to the General Purpose Financial Statements.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1959 through the consolidation of existing land areas and School Districts. The School District serves an area of approximately 65 square miles. It is located in Darke County, and includes all of the Village of Ansonia and portions of New Weston, Rossburg, Brown, Richland, Wabash, North Star and York Townships. It is staffed by 32 non-certificated employees, 52 certificated full-time teaching personnel and 4 administrative employees who provide services to 724 students and other community members. The School District currently operates 3 instructional buildings and 1 garage.

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

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

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Village of Ansonia The village government of Ansonia is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

The School District is associated with three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements. These organizations are:

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

Jointly Governed Organizations:

Metropolitan Dayton Educational Cooperative Association
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ansonia Local School District have been prepared in conformity with generally accepted accounting principles (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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Funds

Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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.

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds 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 balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, taxpayer-assessed income taxes, tuition, grants, student fees and interfund.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. The transition funding special revenue fund grant activity, that is administered by a fiscal agent, is not budgeted by the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Darke County Budget Commission for rate determination.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. Prior to year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted, however, none of them were significant. Prior to year end, the School District passed appropriations to match expenditures plus encumbrances. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and expendable trust funds and reported in the notes to the financial statements for proprietary funds.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. In addition, the balance of various grant activity administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

During fiscal year 1999, investments were limited to Star Ohio. 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$49,902 which includes \$13,135 assigned from other School District funds. The capital projects funds, the expendable trust funds, and the enterprise funds also received interest in the amounts of \$7,085, \$472, and \$87 respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Inventory

Inventories of governmental funds are stated at cost while 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 in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three hundred dollars. The School District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten to fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

For governmental funds and expendable trust funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds

- Disadvantaged Pupil Program Fund
- Career Education
- Professional Development Block Grant
- Public School Preschool
- Disadvantaged Pupil Impact Aid
- Adult Vocational Education
- Vocational Education
- Title III
- Education Management Information Systems
- Title I
- Title VI
- Title VI-B
- Drug-Free Schools
- Expanded Workforce

Capital Projects Funds

- Vocational Matching Funds
- School Net Plus
- Technology Equity

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 68 percent of governmental fund revenue during the 1999 fiscal year.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as interfund receivables and interfund payables.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees with unpaid leave are paid, the remainder is reported in the general long-term debt account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental and expendable trust fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term debt account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have been paid using current available financial resources. Capital leases are recorded as a liability of the general long-term debt account group.

Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund are cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent resources restricted for the purchase of buses and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Estimates

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

O. Fund Balance Reserves

The School 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, inventory of supplies and materials, property taxes, budget stabilization and school bus purchases.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY

Fund balances at June 30, 1999, included the following individual fund deficits:

Special Revenue Funds:	
Title I	\$655
Goals 2000	93,838
Capital Projects Fund:	
School Building Assistance	18,894

The deficits in these funds are due to GAAP accrual adjustments. The general fund is liable for the deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions.
5. The School District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets. However, the activities of the fiscal agent that pertain to the School District are included in the special revenue funds for GAAP reporting purposes.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures
All Governmental Fund Types and Expendable Trust Funds

	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	(\$29,077)	(\$64,613)	\$68,076	(\$528)
Revenue Accruals	(26,784)	(5,731)	2,029	13
Expenditure Accrual	24,004	183,417	(121,886)	0
Prepaid Items	(121)	0	0	0
Advances	(18,868)	0	18,868	0
Encumbrances	(85,342)	(19,533)	(24,922)	0
Budget Basis	(\$136,188)	\$93,540	(\$57,835)	(\$515)

Net Loss/Excess of Revenues Under Expenses
Proprietary Fund Type

	Enterprise
GAAP Basis	(\$18,008)
Revenue Accruals	(6,256)
Expense Accruals	9,963
Supplies and Materials Inventory	190
Inventory held for Resale	(111)
Depreciation Expense	8,771
Encumbrances	(1,816)
Budget Basis	(\$7,267)

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, 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.

State Statute permits 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;
2. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

Investments may only be made through specified dealers and institutions. 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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

The "Cash and Cash Equivalents with Fiscal Agent" of \$27,175 shown in the special revenue funds is maintained with the Darke County Educational Service Center and is not included in the deposits for Ansonia Local School District. GASB 3 disclosures regarding this amount can be obtained from the Educational Service Center's annual report.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$9,834 and the bank balance was \$41,747. The entire bank balance was covered by federal depository insurance.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form and has a fair value of \$1,001,777.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$1,038,786	\$0
Cash and Cash Equivalents with Fiscal Agent	(27,175)	0
Investment:		
STAR Ohio	(1,001,777)	1,001,777
GASB Statement 3	\$9,834	\$1,001,777

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Darke County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$62,291 in the general fund.

For fiscal year 1999, the School District did not receive the June personal property tax settlement until fiscal year 2000. This amount is presented as an addition to taxes receivable and tax revenue in the general fund and the permanent improvement capital projects fund.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

6. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$30,532,620	80.67%	\$31,224,680	80.82%
Public Utility Personal	4,584,820	12.11	4,621,980	11.96
Tangible Personal Property	2,732,660	7.22	2,787,420	7.22
Total Assessed Value	<u>\$37,850,100</u>	<u>100.00%</u>	<u>\$38,634,080</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.88		\$36.88	

7. INCOME TAX

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

8. RECEIVABLES

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), accrued interest, interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds.

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$106,174
Less Accumulated Depreciation	<u>(49,644)</u>
Net Fixed Asset	<u><u>\$56,530</u></u>

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

9. FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$67,049	\$5,376	\$0	\$72,425
Buildings and Improvements	1,886,194	472,607	0	2,358,801
Furniture, Fixtures and Equipment	1,068,529	72,534	31,878	1,109,185
Vehicles	472,603	110,167	29,920	552,850
Total General Fixed Assets	<u>\$3,494,375</u>	<u>\$660,684</u>	<u>\$61,798</u>	<u>\$4,093,261</u>

There was no significant construction in progress at June 30, 1999.

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Insurance and Phelan Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Insurance and Phelan Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$12,780,124
Inland Marine Coverage (\$100 deductible)	187,167
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	1,000
Automobile Liability (\$250 deductible)	1,100,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

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

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

10. RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 1999, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the in the group plan. 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 group. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the group. A participant will then either receive money from or be required to contributed to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the group is limited to school districts that can meet the group's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the group.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$41,513, \$57,540 and \$66,478, respectively; 35.77 percent has been contributed for fiscal year 1999 and 100 percent for fiscal year 1998 and 1997. \$26,664 representing the unpaid contribution for fiscal year 1999, is recorded as a liability in the respective funds and the general long-term debt account group.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

11. RISK MANAGEMENT (Continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$105,231, \$210,400 and \$259,346, respectively; 80.86 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$20,138 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, all five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

The School 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored 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. Most benefit recipients pay a portion of the 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, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$140,308 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

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. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

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, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$43,058.

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 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, personal and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Classified employees earn three days of personal leave per fiscal year. Accumulated, unused personal leave is paid to classified employees and administrators upon termination of employment. Teachers earn personal leave, but it is not paid to them upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for 30 days of accrued, but unused sick leave credit. Certified employees are paid an additional 10 days if they have taught the last five consecutive years at Ansonia Local School District. They receive an additional 20 days if they taught the last ten years, and they will receive an additional 30 days if they have taught the last fifteen years. Classified employees with five years of consecutive service receive an additional fifteen days. Thus, certified staff can receive a maximum of 60 days, while classified staff can receive a maximum of 45 days.

B. Health Insurance

The School District provides medical/surgical insurance to most employees through Anthem Blue Cross Blue Shield.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

14. CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 1999, the School District entered into a capitalized lease for computers. The lease agreement is accounted for on a GAAP basis as a capital outlay expenditure in the school net capital projects fund with an offsetting amount reported as an other financing source.

The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards 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 general purpose financial statements. These expenditures are reported as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$47,645, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	GLTDAG
2000	\$17,522
2001	17,440
Total	34,962
Less: Amount Representing Interest	(2,456)
Present Value of Net Minimum Lease Payments	\$32,506

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Amount Outstanding 6/30/98	Additions	Deductions	Amount Outstanding 6/30/99
Intergovernmental Payable	\$37,613	\$34,082	\$37,613	\$34,082
Capital Leases Payable	0	47,645	15,139	32,506
Compensated Absences	259,656	36,362	0	296,018
Total General Long-Term Obligations	\$297,269	\$118,089	\$52,752	\$362,606

Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period. The capital leases will be paid from the school net capital projects fund.

The School District's overall legal debt margin was \$3,477,067 with an unvoted debt margin of \$38,634 at June 30, 1999.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and a preschool program. The table below reflects the more significant financial data relating to the enterprise funds of the Ansonia Local School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Preschool	Total Enterprise Funds
Operating Revenues	\$115,062	\$31,740	\$28,720	\$175,522
Depreciation Expense	8,092	0	679	8,771
Operating Loss	(68,234)	9,892	(13,616)	(71,958)
Donated Commodities	14,764	0	0	14,764
Federal and State Subsidies	39,099	0	0	39,099
Interest	87	0	0	87
Net Loss	(14,284)	9,892	(13,616)	(18,008)
Net Working Capital	(5,702)	13,021	26,277	33,596
Total Assets	64,022	13,021	30,105	107,148
Long-Term Liabilities Payable from Revenue	23,865	0	1,964	25,829
Total Equity	25,632	13,021	24,236	62,889
Encumbrances Outstanding at June 30, 1999	1,160	78	578	1,816

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association - The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is a association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$10,306 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (Continued)

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 1999, Ansonia Local School District paid \$5,939 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby and Warren. Montgomery, Greene and Butler Counties shall elect two representatives per area. All others shall elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after nominating committee nominates individuals to run. One at-large non-public representative shall be elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 1999, the School District paid \$5,833 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

B. Insurance Purchasing Pool

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

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

18. SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,228,325 in school foundation basic allowance support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As this date, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization and bus purchases. The School District also receives grant monies for school bus purchases. This amount is shown as a reserve for bus purchase and is included in the amount for restricted assets.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$14,153	\$14,153
Current Year Set-aside Requirement	53,421	53,421	26,833	133,675
Current Year Offsets	(9,324)	(78,156)	0	(87,480)
Qualifying Disbursements	<u>(63,768)</u>	<u>0</u>	<u>0</u>	<u>(63,768)</u>
Total	<u>(\$19,671)</u>	<u>(\$24,735)</u>	<u>\$40,986</u>	<u>(\$3,420)</u>
Cash Balance Carried Forward to FY 1999	<u>\$0</u>	<u>\$0</u>	<u>\$40,986</u>	<u>\$40,986</u>
Amount restricted for School Bus Purchase				9,804
Total Restricted Assets				<u>\$50,790</u>

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

19. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

Although the School District had offsets and qualifying disbursements during the year that reduced the set - asides for textbooks and instructional materials and capital acquisitions to below zero, these extra amounts may not be used to reduce the set-aside requirements for future years. Negative amounts are therefore not reflected as being carried forward to the next fiscal year.

20. CONTRACTUAL COMMITMENTS

As of June 30, 1999, the School District had contractual purchase commitments for the following:

<u>Contractor</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Koester Electric	Elementary Elevator	\$2,230
Musco Lighting, Inc.	Football Field Lights	23,400
Riffell Construction	Elementary Elevator	12,664
Total		<u><u>\$38,294</u></u>

21. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

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

22. CONTRIBUTED CAPITAL

During the fiscal year, contributed capital increased by \$14,109.

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**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$13,613	\$0	\$12,954
National School Lunch Program	03-PU-99	10.555	1,535	0	1,535	0
	03-PU-00		10,709	0	10,709	0
	04-PU-99		2,889	0	2,889	0
	04-PU-00		25,835	0	25,835	0
Total National School Lunch Program			40,968	0	40,968	0
Total U.S. Department of Agriculture - Nutrition Cluster			40,968	13,613	40,968	12,954
U.S. Department of Labor						
(Passed through Ohio Department of Education)						
School to Work Program	WK-BE-00	17.249	0	0	3,000	0
U.S. Department of Education						
(Passed through Ohio Department of Education)						
Title I - Education Consolidation Improvement Act	C1-S1-99	84.010	0	0	9,756	0
	C1-S1-00		65,904	0	54,170	0
Total Title I			65,904	0	63,926	0
Migrant Education - Basic State Grant Program	MG-S1-99	84.011	7,914	0	11,620	0
	MG-S1-00		15,675	0	6,895	0
Total Migrant Education			23,589	0	18,515	0
Innovating Education Program Strategies	C2-S1-98	84.298	0	0	4	0
	C2-S1-99		470	0	935	0
	C2-S1-00		2,002	0	972	0
Total Innovating Education Program Strategies			2,472	0	1,911	0
Title VI-R Class Size Reduction Program	6R-SF-00	84.340	10,037	0	7,855	0
Technology Literacy Challenge Grant	TF-31-99	84.318	225,000	0	299,474	0
(Passed through State Library of Ohio)						
Library Services & Technology Grant	II-1-E-2-98	45.310	0	0	5,706	0
	I-2-00		11,136	0	6,238	0
Total Library Services & Technology Grant			11,136	0	11,944	0
(Passed through Darke County Educational Service Center)						
Eisenhower Professional Development Grant Title II Part B	MS-S1-99	84.281	0	0	2,185	0
	MS-S1-00		0	0	1,263	0
	MS-S1-01		2,524	0	0	0
Total Eisenhower Professional Development			2,524	0	3,448	0
<i>Special Education Cluster:</i>						
Title VI-B - Education of Handicapped Act	6B-SF-98	84.027	0	0	2,332	0
	6B-SF-99		0	0	507	0
	6B-SF-00		30,536	0	39,885	0
	6B-SF-01		17,298	0	0	0
Total Title VI-B			47,834	0	42,724	0
Title VI-B - Early Childhood	6B-SF-99	84.173	509	0	1,178	0
	6B-SF-00		3,341	0	3,341	0
Total Title VI-B - Early Childhood			3,850	0	4,519	0
Total U.S. Dept. of Education - Special Education Cluster			51,684	0	47,243	0
Drug Free Schools	DR-S1-96	84.186	0	0	145	0
	DR-S1-99		0	0	2,048	0
	DR-S1-00		3,067	0	570	0
Total Drug Free Schools			3,067	0	2,763	0
(Passed through Miami Valley Career Technology Center)						
Vocational Education - Basic Grants to State	N/A	84.048	0	0	342	0
Total U.S. Department of Education			395,413	0	457,421	0
Total Federal Programs			436,381	13,613	501,389	12,954

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

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures (the schedule) is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U. S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. As of June 30, 2000, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ansonia Local School District
Darke County
600 East Canal Street
P.O. Box 279
Ansonia, Ohio 45303

To the Board of Education:

We have audited the financial statements of Ansonia Local School District, Darke County, (the District), as of and for the years ended June 30, 2000, and June 30, 1999, and have issued our report thereon dated January 29, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 29, 2001.

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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 29, 2001.

Ansonia Local School District
Darke County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management and Board of Education, 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.

Jim Petro
Auditor of State

January 29, 2001



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

Ansonia Local School District
Darke County
600 East Canal Street
P.O. Box 279
Ansonia, Ohio 45303

To the Board of Education:

Compliance

We have audited the compliance of Ansonia Local School District, Darke 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 year ended June 30, 2000. 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred 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.

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 year ended June 30, 2000.

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 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 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 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. However, we noted a certain matter involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 29, 2001.

This report is intended for the information and use of the audit committee, management, Board of Education, 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.

Jim Petro
Auditor of State

January 29, 2001

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA# 84.318 - Technology Literacy Challenge Grant
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ANSONIA LOCAL SCHOOL DISTRICT

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2001**