



Mary Taylor, CPA
Auditor of State

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis	13
Statement of Activities – Cash Basis	14
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds	16
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	17
Statement of Fiduciary Net Assets – Cash Basis – Fiduciary Funds.....	18
Notes to the Basic Financial Statements	19
Federal Awards Receipts and Expenditures Schedule.....	39
Notes to the Federal Awards Receipts and Expenditures Schedule	40
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings – OMB Circular A-133 § .505	45
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b).....	47
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	49

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio, as of June 30, 2009, and the respective changes in cash financial position thereof and the budgetary comparison of the General Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

January 25, 2010

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

The discussion and analysis of the Alexander Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ▶ The net assets of the District at June 30, 2009 are \$5,845,679. This balance was comprised of a \$2,788,398 balance in net asset amounts restricted for specific purposes and a balance of \$3,057,281 in unrestricted net assets.
- ▶ In total, net assets of governmental activities increased by \$361,990, which represents a 6.60 percent increase from 2008.
- ▶ General receipts accounted for \$14,860,426 or 81.28 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$3,422,426 or 18.72 percent of total receipts of \$18,282,852.
- ▶ The District had \$17,920,862 in disbursements related to governmental activities; \$3,422,426 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily taxes and grants and entitlements) of \$14,860,426 were used to provide for the remainder of these programs.
- ▶ The District recognizes three major governmental funds: the General, Bond Retirement and Classroom Facilities Maintenance Funds. In terms of dollars received and spent, the General Fund is larger than any of the other funds of the District. The General Fund had \$14,787,875 in receipts and \$14,481,211 in disbursements in fiscal year 2009.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The statement of net assets presents information on the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting receipts growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as cash received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services, operation of non-instructional services, and extracurricular activities. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Bond Retirement, and Classroom Facilities Maintenance Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of two categories: governmental and fiduciary funds.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

(Unaudited)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable cash, as well as on balances of spendable cash available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called the cash basis of accounting.

Fiduciary Fund

The District's only fiduciary fund is an agency fund. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the cash basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net assets provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the District's net assets for fiscal year 2009 compared to fiscal year 2008:

Table 1
Net Assets at Year End

	<u>Governmental Activities</u>	
	2009	2008
<u>Assets:</u>		
Cash and Cash Equivalents	\$5,512,409	\$5,107,265
Restricted Cash	333,270	376,424
<i>Total Assets</i>	<u>\$5,845,679</u>	<u>\$5,483,689</u>
<u>Net Assets:</u>		
Restricted	\$2,788,398	\$2,656,106
Unrestricted	3,057,281	2,827,583
<i>Total Net Assets</i>	<u>\$5,845,679</u>	<u>\$5,483,689</u>

Cash and cash equivalents increased \$405,144 from fiscal year 2008 due to the receipt of additional grants and conservative spending.

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

The District's largest portion of net assets is unrestricted assets. These net assets represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$2,788,398 is restricted net assets. The restricted net assets are subject to external restrictions on how they may be used.

Table 2 shows the changes in net assets for fiscal year 2009 and comparisons to fiscal year 2008.

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
<u>Receipts:</u>		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$1,081,030	\$1,135,572
Operating Grants and Contributions	2,341,396	2,602,698
<i>General Receipts:</i>		
Property Taxes	4,339,455	4,442,920
Unrestricted Grants and Entitlements	10,321,825	9,815,302
Investment Earnings	89,315	172,558
Gain on Sale of Capital Assets	1,100	0
Refunding Bonds Issued	0	2,654,997
Premium on Refunding Bonds Issued	0	1,197
Insurance Recoveries	12,030	0
Miscellaneous	<u>96,701</u>	<u>135,669</u>
<i>Total Receipts</i>	<u>18,282,852</u>	<u>20,960,913</u>
<u>Disbursements:</u>		
<i>Program Disbursements:</i>		
<i>Instruction:</i>		
Regular	6,046,988	6,004,996
Special	1,995,660	1,672,720
Vocational	110,441	110,111
Student Intervention Services	25,322	0
Other	1,593,637	1,568,743

(Continued)

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

Table 2
Changes in Net Assets

	<u>2009</u>	<u>2008</u>
<i>Support Services:</i>		
Pupils	717,778	725,777
Instructional Staff	1,017,345	949,077
Board of Education	50,392	53,299
Administration	1,110,005	1,114,956
Fiscal	364,920	375,780
Operation and Maintenance of Plant	1,403,253	1,474,381
Pupil Transportation	1,434,631	1,186,553
Central	191,440	228,401
<i>Operation of Non-Instructional Services:</i>		
Food Service	602,041	596,317
Other	66,094	78,606
Extracurricular Activities	327,067	293,021
Capital Outlay	316,866	64,105
Principal Retirement	279,029	279,032
Current Refunding	0	2,654,997
Interest and Fiscal Charges	<u>267,953</u>	<u>257,335</u>
<i>Total Disbursements</i>	<u>17,920,862</u>	<u>19,688,207</u>
<i>Change in Net Assets</i>	361,990	1,272,706
Net Assets – Beginning of Year	<u>5,483,689</u>	<u>4,210,983</u>
Net Assets – End of Year	<u><u>\$5,845,679</u></u>	<u><u>\$5,483,689</u></u>

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Other Instruction, Pupil Transportation, Operation and Maintenance of Plant, and Administration. These programs account for 75.80 percent of the total governmental activities. Regular Instruction, which accounts for 33.74 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 11.14 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Other Instruction, which represents 8.89 percent of the total, represents costs associated with the instruction of students that cannot be defined as regular, special or vocational instruction. Pupil Transportation, which represents 8.01 percent of the total cost, represents costs associated with transporting students to and from school, as well as to activities. Operation and Maintenance of Plant, which represents 7.83 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Administration, which represents 6.19 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

(Unaudited)

As noted previously, the net assets for the governmental activities increased \$361,990 or 6.60 percent. This is a change from last year when net assets increased \$1,272,706 or 30.22 percent. Total receipts decreased \$2,678,061 or 12.78 percent from last year and disbursements decreased \$1,767,345 or 8.98 percent over last year.

The District had program receipts decreases of \$315,844, and decreases in general receipts of \$2,362,217. The decrease in program receipts is mostly due to the District receiving additional grants during fiscal year 2008. The significant decreases in general receipts of \$2,654,997 due to the District issuing refunding bonds during fiscal year 2008.

The total disbursements for governmental activities decreased \$1,767,345 due to the District's disbursements for the current refunding of general obligation bonds in fiscal year 2008.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 80.19 percent of total receipts.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of receipts growth. Property taxes made up 23.74 percent and intergovernmental receipts made up 69.26 percent of the total receipts for the governmental activities in fiscal year 2009.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall receipts generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2009, the District received \$9,615,690 through the State's foundation program, which represents 52.59 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 54.53 percent of governmental program disbursements. Support services disbursements make up 35.10 percent of governmental disbursements. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2009 and comparisons to fiscal year 2008. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

Table 3
Net Cost of Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
<i>Program Disbursements:</i>				
Instruction	\$9,772,048	\$7,896,919	\$9,356,570	\$7,151,183
Support Services	6,289,764	5,407,315	6,108,224	5,235,647
Operation of Non-Instructional Services	668,135	62,191	674,923	69,258
Extracurricular Activities	327,067	268,163	293,021	238,380
Capital Outlay	316,866	316,866	64,105	64,105
Principal Retirement	279,029	279,029	279,032	279,032
Current Refunding	0	0	2,654,997	2,654,997
Interest and Fiscal Charges	267,953	267,953	257,335	257,335
Total Disbursements	<u>\$17,920,862</u>	<u>\$14,498,436</u>	<u>\$19,688,207</u>	<u>\$15,949,937</u>

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$18,412,181 and total disbursements and other financing uses of \$18,050,191.

Total governmental funds fund balance increased by \$361,990. The increase in fund balance for the year was most significant in the General Fund, where an increase of \$250,465 occurred as a result of the receipts exceeding disbursements during fiscal year 2009. The Bond Retirement fund had an increase of \$133,789 in fund balance due to revenues exceeding expenditures for the fiscal year. The fund balance in the Classroom Facilities Maintenance Fund increased \$110,010 due to a decrease in expenditures for fiscal year 2009.

The District should remain stable in fiscal years 2010 through 2011. However, projections beyond fiscal year 2011 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

During the course of fiscal year 2009, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors flexibility for site management. The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts were \$14,731,672 representing a \$157,819 decrease from the original budget estimates of \$14,889,491. The final budget reflected a 1.06 percent decrease from the original budgeted amount. This difference was due to the fact that actual funding was less than originally anticipated, therefore receipt estimates were decreased throughout the year. For the General Fund, the final budget basis disbursements were \$15,211,663 representing no change from the original budget.

Debt Administration

At June 30, 2009, the District had \$5,644,824 in general obligation debt outstanding with \$289,029 due within one year. Table 4 summarizes loans and bonds outstanding for fiscal year 2009 compared to fiscal year 2008.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	Governmental Activities	
	2009	2008
Asbestos Removal Loan	\$31,546	\$40,575
General Obligation Bonds	2,960,000	3,210,000
Refunding Bonds	2,653,278	2,643,727
Total	<u>\$5,644,824</u>	<u>\$5,894,302</u>

More detailed information pertaining to the District's long-term debt activity can be found in the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth district, the District has remained financially stable over the past few years. As indicated in the preceding financial information, the District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students. Although the District has continued to keep spending in line with revenues, this must continue if the District hopes to remain on firm financial footing.

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

(Unaudited)

State Budget:

Externally, the District is largely dependent on State and Federal funding sources (nearly 67 percent of the District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen enrollment stay relatively flat in recent years. The severe economic crisis also raises concern as a district that is so reliant on State Revenue.

Local Valuations:

New residential real estate growth is expected to slow as compared to prior years. However, the district did undergo a reappraisal in 2008 for Athens County, which added approximately 10% to residential values for last year. Valuation growth drives local tax collection growth. However, it has an opposite effect on unrestricted state aid disbursements due to the 23 mill charge off included in the current funding formula.

Staffing & Negotiated Increases:

The Board has a contract with the certified staff covering the period from September 1, 2008 to August 31, 2011. The contract specifies a 4% base salary increase for Fiscal Year 2009 and 3% increases for Fiscal Year 2010 and 2011. The Board extended the same annual increase to the other certificated staff employed by the District. The Board recently ratified a new contract with the classified staff covering the period from July 1, 2009 to June 30, 2012. The classified contract specifies a 4% base salary increase each year. The Board extended the same increase to the other non-certificated employees of the District.

Health Insurance:

Currently, all employers are faced with the challenge of sky-rocketing health insurance increases. Over the past few years, the District's increases in health insurance costs have averaged about 8.5%. There are a number of possible approaches to mitigate the large increases anticipated. A couple of these would include: reducing benefit levels, increasing co-pay and deductibles...or do nothing and absorb the increases in health insurance but consider reductions to projected base salary increases (for example, instead of a base salary increase of 3%, consider a lesser increase in lieu of maintaining current health insurance provisions).

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Aaron Schirm, Treasurer of the Alexander Local School Board of Education, 6091 Ayers Road, Albany, Ohio 45710.

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ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Net Assets - Cash Basis

June 30, 2009

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$5,512,409
<u>Restricted Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>333,270</u>
<i>Total Assets</i>	<u><u>\$5,845,679</u></u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Capital Projects	\$497,134
Debt Service	1,285,969
Other Purposes	1,005,295
Unrestricted	<u>3,057,281</u>
<i>Total Net Assets</i>	<u><u>\$5,845,679</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2009*

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$6,046,988	\$791,098	\$590,183	(\$4,665,707)
Special	1,995,660	0	470,986	(1,524,674)
Vocational	110,441	0	0	(110,441)
Student Intervention Services	25,322	0	22,862	(2,460)
Other	1,593,637	0	0	(1,593,637)
<i>Support Services:</i>				
Pupils	717,778	0	35,415	(682,363)
Instructional Staff	1,017,345	0	653,939	(363,406)
Board of Education	50,392	0	0	(50,392)
Administration	1,110,005	1,539	63,971	(1,044,495)
Fiscal	364,920	0	0	(364,920)
Operation and Maintenance of Plant	1,403,253	0	45,723	(1,357,530)
Pupil Transportation	1,434,631	0	72,862	(1,361,769)
Central	191,440	0	9,000	(182,440)
<i>Operation of Non-Instructional Services:</i>				
Food Service	602,041	235,027	370,917	3,903
Other	66,094	0	0	(66,094)
Extracurricular Activities	327,067	53,366	5,538	(268,163)
Capital Outlay	316,866	0	0	(316,866)
<i>Debt Service:</i>				
Principal Retirement	279,029	0	0	(279,029)
Interest and Fiscal Charges	267,953	0	0	(267,953)
Total Governmental Activities	\$17,920,862	\$1,081,030	\$2,341,396	(14,498,436)
 <u>General Receipts:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				3,669,702
Debt Service				606,045
Capital Outlay				63,708
Grants and Entitlements not Restricted to Specific Programs				10,321,825
Investment Earnings				89,315
Proceeds from Sale of Capital Assets				1,100
Insurance Recoveries				12,030
Miscellaneous				96,701
Total General Receipts				14,860,426
Change in Net Assets				361,990
<i>Net Assets at Beginning of Year</i>				<u>5,483,689</u>
<i>Net Assets at End of Year</i>				<u><u>\$5,845,679</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Bond Retirement	Classroom Facilities Maintenance	All Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$2,622,190	\$1,285,969	\$643,362	\$960,888	\$5,512,409
<i>Restricted Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	333,270	0	0	0	333,270
<i>Total Assets</i>	<u>\$2,955,460</u>	<u>\$1,285,969</u>	<u>\$643,362</u>	<u>\$960,888</u>	<u>\$5,845,679</u>
<u>Fund Balances:</u>					
Reserved for Encumbrances	\$165,800	\$0	\$13,009	\$20,926	\$199,735
Reserved for Textbooks and Instructional Materials	313,414	0	0	0	313,414
Reserved for Bus Purchases	19,856	0	0	0	19,856
<i>Unreserved, Undesignated, Reported in:</i>					
General Fund	2,456,390	0	0	0	2,456,390
Special Revenue Funds	0	0	630,353	447,578	1,077,931
Debt Service Fund	0	1,285,969	0	0	1,285,969
Capital Projects Funds	0	0	0	492,384	492,384
<i>Total Fund Balances</i>	<u>\$2,955,460</u>	<u>\$1,285,969</u>	<u>\$643,362</u>	<u>\$960,888</u>	<u>\$5,845,679</u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Bond Retirement	Classroom Facilities Maintenance	All Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes	\$3,669,702	\$606,045	\$63,708	\$0	\$4,339,455
Intergovernmental	10,190,713	85,140	50,948	2,322,033	12,648,834
Interest	89,315	0	0	0	89,315
Tuition and Fees	762,543	0	0	28,555	791,098
Extracurricular Activities	0	0	0	54,905	54,905
Charges for Services	0	0	0	235,027	235,027
Gifts and Donations	158	0	0	14,387	14,545
Miscellaneous	75,444	0	0	21,099	96,543
Total Receipts	14,787,875	691,185	114,656	2,676,006	18,269,722
<u>Disbursements:</u>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	5,382,784	0	0	664,204	6,046,988
Special	1,478,521	0	0	517,139	1,995,660
Vocational	110,441	0	0	0	110,441
Student Intervention Services	0	0	0	25,322	25,322
Other	1,593,637	0	0	0	1,593,637
<i>Support Services:</i>					
Pupils	685,120	0	0	32,658	717,778
Instructional Staff	341,743	0	0	675,602	1,017,345
Board of Education	50,392	0	0	0	50,392
Administration	1,036,964	2,125	221	70,695	1,110,005
Fiscal	345,839	17,318	1,763	0	364,920
Operation and Maintenance of Plant	1,362,901	0	2,662	37,690	1,403,253
Pupil Transportation	1,352,242	0	0	82,389	1,434,631
Central	175,049	0	0	16,391	191,440
Operation of Non-Instructional Services	66,805	0	0	601,330	668,135
Extracurricular Activities	215,642	0	0	111,425	327,067
Capital Outlay	283,131	0	0	33,735	316,866
<i>Debt Service:</i>					
Principal Retirement	0	279,029	0	0	279,029
Interest and Fiscal Charges	0	267,953	0	0	267,953
Total Disbursements	14,481,211	566,425	4,646	2,868,580	17,920,862
Excess of Receipts Over (Under) Disbursements	306,664	124,760	110,010	(192,574)	348,860
<u>Other Financing Sources (Uses):</u>					
Insurance Recoveries	12,030	0	0	0	12,030
Proceeds from Sale of Capital Assets	1,100	0	0	0	1,100
Advances In	32,000	0	0	28,000	60,000
Advances Out	(32,000)	0	0	(28,000)	(60,000)
Transfers In	0	9,029	0	60,300	69,329
Transfers Out	(69,329)	0	0	0	(69,329)
Total Other Financing Sources (Uses)	(56,199)	9,029	0	60,300	13,130
Net Change in Fund Balances	250,465	133,789	110,010	(132,274)	361,990
Fund Balances at Beginning of Year	2,704,995	1,152,180	533,352	1,093,162	5,483,689
Fund Balances at End of Year	\$2,955,460	\$1,285,969	\$643,362	\$960,888	\$5,845,679

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$3,869,299	\$3,654,500	\$3,669,702	\$15,202
Intergovernmental	10,026,092	10,162,882	10,190,713	27,831
Interest	120,000	90,000	89,315	(685)
Tuition and Fees	815,000	763,190	762,543	(647)
Gifts and Donations	0	0	158	158
Miscellaneous	59,100	61,100	75,444	14,344
<i>Total Receipts</i>	14,889,491	14,731,672	14,787,875	56,203
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,686,725	5,686,725	5,382,784	303,941
Special	1,360,425	1,360,425	1,490,152	(129,727)
Vocational	116,196	116,196	110,441	5,755
Other	1,626,200	1,626,200	1,593,637	32,563
<i>Support Services:</i>				
Pupils	663,607	663,607	686,926	(23,319)
Instructional Staff	345,292	345,292	343,249	2,043
Board of Education	76,085	76,085	50,392	25,693
Administration	1,165,953	1,165,953	1,036,992	128,961
Fiscal	358,352	358,352	345,899	12,453
Operation and Maintenance of Plant	1,539,615	1,539,615	1,366,320	173,295
Pupil Transportation	1,461,345	1,461,345	1,355,242	106,103
Central	198,450	198,450	175,099	23,351
Operation of Non-Instructional Services	70,550	70,550	66,805	3,745
Extracurricular Activities	217,868	217,868	215,642	2,226
Capital Outlay	325,000	325,000	427,431	(102,431)
<i>Total Disbursements</i>	15,211,663	15,211,663	14,647,011	564,652
<i>Excess of Receipts Over (Under) Disbursements</i>	(322,172)	(479,991)	140,864	620,855
<u>Other Financing Sources (Uses):</u>				
Insurance Recoveries	0	12,000	12,030	30
Proceeds from Sale of Capital Assets	0	0	1,100	1,100
Advances In	20,000	28,000	32,000	4,000
Advances Out	(20,000)	(20,000)	(32,000)	(12,000)
Transfers Out	(49,000)	(49,000)	(69,329)	(20,329)
<i>Total Other Financing Sources (Uses)</i>	(49,000)	(29,000)	(56,199)	(27,199)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(371,172)	(508,991)	84,665	593,656
<i>Fund Balance at Beginning of Year</i>	2,662,045	2,662,045	2,662,045	0
Prior Year Encumbrances Appropriated	42,950	42,950	42,950	0
<i>Fund Balance at End of Year</i>	\$2,333,823	\$2,196,004	\$2,789,660	\$593,656

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$48,086</u>
<i>Total Assets</i>	<u><u>\$48,086</u></u>
<u>Liabilities:</u>	
Due to Students	<u>\$48,086</u>
<i>Total Liabilities</i>	<u><u>\$48,086</u></u>

See accompanying notes to the basic financial statements.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Alexander Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's facilities staffed by 92 classified and 120 teaching personnel and 8 administrative employees providing education to approximately 1,697 students.

Reporting Entity

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 District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities.

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

The parent teacher organizations and booster clubs perform activities within the District's boundaries for the benefit of its residents but are excluded from the accompanying financial statements because the District is not financially accountable for them nor are they fiscally dependent on the District.

The District is associated with six organizations, four of which are defined as jointly governed organizations, one as an affiliated organization and one as a group purchasing pool. These organizations are the Southeastern Ohio Voluntary Education Cooperative, the Southeastern Ohio Special Education Regional Resource Center, the Tri-County Career Center, the Athens County School Employees Health and Welfare Benefit Association, the Alexander Future Foundation and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14, 15 and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. Although Ohio Administration Code Section 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The more significant of the District's accounting policies are described below.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

The following are the District's major governmental funds:

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

Bond Retirement Fund - This fund is used for the retirement of bonds and loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund.

Classroom Facilities Maintenance Fund - This fund is used to account for the proceeds of a property tax levy for the maintenance of facilities.

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose.

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus, and measures receipts and disbursements when cash is received or paid.

Fund Financial Statements

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

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds and fiduciary fund financial statements are prepared using the cash basis of accounting.

E. Cash and Cash Equivalents

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

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2009 amounted to \$89,315, which includes \$45,104 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. The District first applies restricted assets for purposes for which both restricted and unrestricted assets are available.

G. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

H. Capital Assets

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

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

I. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

J. Long-term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide statement of net assets reports \$2,788,398 of restricted net assets, of which none is restricted by enabling legislation.

The District applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The District reserves those portions of fund balance 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, textbooks and instructional material, and bus purchases.

The reserves for textbooks and instructional materials represents money required to be set-aside by statute and are explained in more detail in Note 13.

M. Interfund Transactions

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

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

N. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2009.

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

NOTE 3 - NEW GASB PRONOUNCEMENTS

For fiscal year 2009, the District implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", and GASB No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statements No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards". The implementation of GASB Statement No. 52, 55 and 56 had no effect on the prior period fund balances of the District.

NOTE 4 - BUDGETARY BASIS FUND BALANCES

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents those differences for the District:

	<u>General Fund</u>
Budgetary Basis Fund Balances	\$2,789,660
Encumbrances	<u>165,800</u>
Fund Cash Balances	<u><u>\$2,955,460</u></u>

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys 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.

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government 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 fair 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 fair value 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 (STAROhio);

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

- (7) Certain banker's 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 interim monies available for investment at any time; and
- (8) Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District's investment policy does not address custodial credit risk for deposits.

At June 30, 2009, the carrying amount of all District deposits was \$5,893,765. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2009, \$5,832,082 of the District's bank balance of \$6,082,082 was exposed to custodial risk as discussed above while \$250,000 was covered by Federal Deposit Insurance. The \$5,832,082 exposed to custodial risk was collateralized with securities held by the District or its agency in the District's name.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years. Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

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

The District receives property taxes from Athens, Meigs and Vinton Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$134,311,120	78.52%	\$149,911,210	80.98%
Public Utility Personal	34,796,860	20.34%	34,095,380	18.42%
Tangible Personal Property	1,951,583	1.14%	1,114,050	0.60%
Total Assessed Value	<u>\$171,059,563</u>	<u>100.00%</u>	<u>\$185,120,640</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$42.06		\$42.06

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2009, the District contracted with Ohio School Plan for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverages provided are as follows:

Building and Contents - replacement cost (\$5,000 deductible)	\$42,497,037
Inland Marine Coverage (\$1,000 deductible)	50,000
Musical Instruments (\$1,000 deductible)	158,216
Automobile Liability - Single Limit	2,000,000
Uninsured Motorists :	
Per Person	1,000,000
Per Accident	1,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Public Official Bonds:	
Treasurer	20,000
Superintendent/Board President (each)	20,000

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

For fiscal year 2009, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), a group purchasing pool (Note 16). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co., provides administrative, cost control and actuarial services to the Plan.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 8 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description - The 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. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for members and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$215,852, \$242,207, and \$248,905, respectively; 25.97 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007.

State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7787, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$876,162, \$770,512, and \$787,842, respectively; 75.91 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007.

Social Security System

Effective June 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, 2009, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 9 - POSTEMPLOYMENT BENEFITS

School Employee Retirement System

Health Care Plan - Ohio law authorizes SERS Ohio to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code (ORC) postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40, SERS' reimbursement to retirees was \$45.50.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation is .75%. Alexander Local School District's contributions for the years ended June 30, 2009, 2008 and 2007 were, \$2,493, \$2,279, \$2,240, respectively, which equaled the required contributions each year.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation is 4.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. Alexander Local School District's contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were \$ 143,641, \$147,956 and \$125,316, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

State Teachers Retirement System

Plan Description - Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or the combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums.

The State Teachers Retirement Board has statutory authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report that includes financial information for the health care plan. Interested parties can view the most recent *Comprehensive Annual Financial Report* at www.strsoh.org or obtain a copy by calling (888)227-7877.

Funding Policy - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. The 14 percent contribution is the maximum rate allowed under Ohio law.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

All STRS benefit recipients pay a portion of the health care cost in the form of a monthly premium. The Districts' contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$67,397, \$59,270 and \$60,560 respectively; 100 percent has been contributed for years 2009, 2008, and 2007.

NOTE 10 - EMPLOYEE BENEFITS

Health Care Benefits

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employee Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. See Note 14 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

NOTE 11 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2009 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2008	Additions	Deductions	Principal Outstanding at June 30, 2009	Amount Due In One Year
<i><u>Governmental Activities:</u></i>							
Asbestos Removal Loan	1995	N/A	\$40,575	\$0	\$ 9,029	\$31,546	\$9,029
General Obligation Bonds	2001	3.50 - 5.60%	3,210,000	0	250,000	2,960,000	260,000
Refunding Bonds Term Bonds	2007	4.00 - 4.25%	2,550,000	0	20,000	2,530,000	20,000
Capital Appreciation Bonds			74,997	0	0	74,997	0
Accretion on Capital Appreciation Bonds			18,730	29,551	0	48,281	0
Total Governmental Activities Long-Term Obligations			<u>\$5,894,302</u>	<u>\$29,551</u>	<u>\$279,029</u>	<u>\$5,644,824</u>	<u>\$289,029</u>

General obligation bonds were issued in the amount of \$7,270,000 in April 2001, as a result of the District being approved for \$20,297,652 school facilities funding through the State Department of Education for the renovation of the high school building and to consolidate kindergarten through grade 12 into one building. The District issued the general obligation bonds to provide a partial cash match to the school facilities funding. As a requirement of the school facilities funding program, the District passed a 5.06 mill levy in November 2000. Of the 5.06 mill levy, 4.56 mills is used for the retirement of the bonds that were issued and are in effect for twenty-three years. The remaining .5 mill is used for repairs and maintenance of the facility. As a part of this funding process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the District's adjusted valuation per pupil increase above the state-wide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

On August 15, 2007, the District issued \$2,654,997 refunding bonds for the purpose of advance refunding a portion of the 2001 General Obligation Bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$92,310 and a reduction of \$91,113 in future debt service payments. The refunding bonds are retired through the Bond Retirement Debt Service Fund using tax revenues.

The capital appreciation bonds are not subject to a mandatory sinking fund or optional redemption prior to stated maturity. The capital appreciation bonds will mature in fiscal year 2013. The maturity amount of the bonds is \$325,000. For fiscal year 2009, \$29,551 was accreted on the capital appreciation bonds.

The other bonds and loans are also paid from the Bond Retirement Debt Service Fund.

The District's voted legal debt margin was \$12,350,284 with an unvoted debt margin of \$185,121 at June 30, 2009.

Principal requirements to retire the asbestos removal loan at June 30, 2009 are as follows:

Year Ending June 30	Principal
2010	\$9,029
2011	9,029
2012	9,029
2013	4,459
Total	<u>\$31,546</u>

Principal and interest requirements to retire the general obligation bonds at June 30, 2009 are as follows:

Year Ending June 30	General Obligation Bonds		Refunding Bonds			Totals	
	Principal	Interest	Term Bonds Principal	Capital Appreciation Bonds Principal	Interest	Principal	Interest
2010	\$260,000	\$150,985	\$20,000	\$0	\$105,075	\$280,000	\$256,060
2011	275,000	139,211	25,000	0	104,175	300,000	243,386
2012	285,000	126,466	25,000	0	103,175	310,000	229,641
2013	0	119,840	0	325,000	27,678	325,000	147,518
2014	310,000	111,160	10,000	0	102,475	320,000	213,635
2015-2019	1,830,000	266,840	65,000	0	505,475	1,895,000	772,315
2020-2024	0	0	2,385,000	0	259,212	2,385,000	259,212
Total	<u>\$2,960,000</u>	<u>\$914,502</u>	<u>\$2,530,000</u>	<u>\$325,000</u>	<u>\$1,207,265</u>	<u>\$5,815,000</u>	<u>\$2,121,767</u>

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

NOTE 12 - INTERFUND ACTIVITY

As of June 30, 2009, interfund cash advances were as follows:

Fund	Advances Out	Advances In
General Fund	\$32,000	\$32,000
<i>Nonmajor Special Revenue Funds:</i>		
Uniform School Supplies Fund	1,000	1,000
Local Grants Fund	10,000	10,000
Athletic Fund	17,000	17,000
Total Nonmajor Special Revenue Funds	28,000	28,000
Total	\$60,000	\$60,000

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance. Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2009 are reported on the Statement of Net Assets.

During fiscal year 2009, interfund transfers were as follows:

Transfers From	Transfers To		
	Bond Retirement	Nonmajor Special Revenue	Total
General	\$9,029	\$60,300	\$69,329

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 13 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2009:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Totals</u>
Set-Aside Balance as of July 1, 2008	\$376,424	\$0	\$376,424
Current Year Set-Aside Requirement	268,931	268,931	537,862
Current Year Offset	0	(63,708)	(63,708)
Qualifying Disbursements	(331,941)	(410,211)	(742,152)
Total	<u>313,414</u>	<u>(204,988)</u>	<u>108,426</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$313,414</u>	<u>(\$170,689)</u>	
Set-Aside Reserve Balance as of June 30, 2009	<u>\$313,414</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$313,414</u>

Qualifying disbursements in excess of current year or accumulated set-aside requirements for textbooks and instructional materials may be used to reduce set-aside requirements of future years. Actual cash balances in excess of set-aside requirements for both textbooks and instructional materials, and capital improvements may be used to offset set-aside requirements of future years.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperative

The Southeast Ohio Voluntary Education Cooperative (SEOVEC), is a jointly governed organization created as a regional council of governments pursuant to State statutes. SEOVEC has 28 participants consisting of 25 school districts and 3 educational service centers. SEOVEC provides financial accounting services, educational management information, and cooperative purchasing services to member districts. Each member district pays a fee annually for services provided by SEOVEC. SEOVEC is governed by a governing board which is selected by the member districts. Each district has one vote in all matters, and each member of the district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the governing board. Athens-Meigs Educational Service Center of Athens County serves as the fiscal agent. The continued existence of SEOVEC is not dependent on the District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. Financial statements for SEOVEC can be obtained from the Southeast Ohio Voluntary Educational Consortium, 221 North Columbus Road, Athens, Ohio 45701. The District paid SEOVEC \$35,221 in fiscal year 2009.

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Alexander Local School District's Superintendent is an alternate on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Tri-County Career Center

The Tri-County Career Center is a jointly governed organization providing vocational services to its eight member districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating districts. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2009, the District made no contributions to the Career Center. Financial information can be obtained from the Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

Athens County School Employee Health and Welfare Benefit Association

The District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, OH 43326.

NOTE 15 - AFFILIATED ORGANIZATION

Alexander Future Foundation

The District is affiliated with the Alexander Future Foundation to provide educational support to students of the Alexander Local School District. The Foundation is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a board of trustees which consists of not more than twenty nor less than twelve members. The District's Superintendent and Treasurer and the PTO representative are continuous members of the Board; however, the other members must be elected. One is elected from the faculty or staff members of the District and the remainder are elected from members of the District's Community.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 16 - GROUP PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Plan

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

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

NOTE 17 - CONTINGENCIES

Grants

The 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 District at June 30, 2009.

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**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2008/2009	10.555	\$ 30,504	\$ 30,504
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	90,522	90,522
National School Lunch Program	2008/2009	10.555	270,593	270,593
Cash Assistance Subtotal			<u>361,115</u>	<u>361,115</u>
Total Child Nutrition Cluster			<u>391,619</u>	<u>391,619</u>
Total U.S. Department of Agriculture			391,619	391,619
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2008	84.010	7,230	56,481
	2009		425,238	423,503
Total Title I Grants to Local Educational Agencies			<u>432,468</u>	<u>479,984</u>
Special Education Cluster:				
Special Education Grants to States	2008	84.027	38,147	60,093
	2009		288,914	294,338
Total Special Education Grants to States			<u>327,061</u>	<u>354,431</u>
Special Education - Preschool Grants	2008	84.173	1,392	2,920
	2009		13,883	13,694
Total Special Education - Preschool Grants			<u>15,275</u>	<u>16,614</u>
Total Special Education Cluster			342,336	371,045
Safe and Drug-Free Schools and Communities State Grants	2008	84.186	279	1,259
	2009		5,782	5,544
Total Safe and Drug-Free Schools and Communities State Grants			<u>6,061</u>	<u>6,803</u>
Twenty-First Century Learning Centers	2008	84.287	84,139	61,679
	2009		100,234	131,821
Total Twenty-First Century Learning Centers			<u>184,373</u>	<u>193,500</u>
State Grants for Innovative Programs	2009	84.298	2,814	2,814
Education Technology State Grants	2008	84.318	103	466
	2009		5,366	5,354
Total Education Technology State Grants			<u>5,469</u>	<u>5,820</u>
Reading First State Grants	2008	84.357	63,064	58,280
	2009		184,070	186,879
Total Reading First State Grants			<u>247,134</u>	<u>245,159</u>
Rural Education	2009	84.358	16,912	16,912
Improving Teacher Quality State Grants	2008	84.367	4,377	16,580
	2009		94,666	90,380
Total Improving Teacher Quality State Grants			<u>99,043</u>	<u>106,960</u>
Total U.S. Department of Education			<u>1,336,610</u>	<u>1,428,997</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,728,229</u>	<u>\$ 1,820,616</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the fair value.



Mary Taylor, CPA

Auditor of State

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

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2010, wherein we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We did note certain internal control matters that we reported to the District's management in a separate letter dated January 25, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted a certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 25, 2010.

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

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



Mary Taylor, CPA
Auditor of State

January 25, 2010



Mary Taylor, CPA

Auditor of State

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

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

To the Board of Education:

Compliance

We have audited the compliance of the Alexander Local School District, Athens County, Ohio (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 apply to each of its major federal programs for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to each of its major federal programs for the year ended June 30, 2009. In a separate letter to the District's management dated January 25, 2010, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

January 25, 2010

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster – CFDA #10.553, #10.555 Title I Grants to Local Educational Agencies – CFDA #84.010 Reading First State Grants – CFDA #84.357
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009
(Continued)**

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Admin. Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin. Code Section 117-2-03(B) requires the District to file its annual financial report pursuant to generally accepted accounting principles. However, the District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the District take the necessary steps to ensure that the annual financial report is prepared on a generally accepted accounting principles basis.

Officials' Response: The District has chosen to use the most cost-effective financial reporting system available. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.

3. FINDINGS FOR FEDERAL AWARDS

None.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Ohio Revised Code Section 9.38 for timely deposit of public monies.	Yes	N/A
2008-002	Ohio Admin. Code Section 117-2-03 since the District does not file its annual financial report pursuant to generally accepted accounting principles.	No	Not Corrected: Repeated in the current Schedule of Findings as 2009-001.
2008-003	Ohio Admin. Code Section 117-2-02(A) for maintaining sufficient accounting records for athletic events.	Yes	N/A

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Alexander Local School District
Athens County
6091 Ayers Road
Albany, Ohio 45710

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on January 8, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the District administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than this specified party.



Mary Taylor, CPA
Auditor of State

January 25, 2010



Mary Taylor, CPA
Auditor of State

ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS 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
FEBRUARY 23, 2010