



Dave Yost • Auditor of State

**LIBERTY BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	16
Statement of Fiduciary Net Assets	17
Statement of Changes in Fiduciary Net Assets and Private Purpose Trust Fund.....	18
Notes to the Basic Financial Statements	19
Federal Awards Receipts and Expenditures Schedule.....	43
Notes to the Federal Awards Receipts and Expenditures Schedule	44
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	47
Schedule of Findings.....	49
Independent Accountants' Report on Applying Agreed-Upon Procedure	51

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INDEPENDENT ACCOUNTANTS' REPORT

Liberty Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840-8811

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 Liberty Benton Local School District, Hancock County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Benton Local School District, Hancock County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the 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. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

November 10, 2011

Liberty Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The discussion and analysis of Liberty Benton Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2011 were as follows:

Net assets increased \$689,140, or just over 6 percent. There was little change in revenues and expenses from the prior year; however, revenues were in excess of expenses for the current fiscal year providing the increase in net assets.

General revenues were \$11,882,676, or 82 percent of total revenues, and demonstrate the School District's significant dependence on property and income taxes as well as State funding.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Liberty Benton Local School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in a single column.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the School District's activities are reflected as governmental activities. The programs and services reported here include instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property and income tax revenues as well as unrestricted State entitlements.

Liberty Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Reporting the School District's Most Significant Funds

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

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

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 and fiscal year 2010:

Table 1 Net Assets			
	Governmental Activities		
	2011	2010	Change
<u>Assets</u>			
Current and Other Assets	\$11,904,480	\$10,759,981	\$1,144,499
Capital Assets, Net	9,851,232	10,287,511	(436,279)
Total Assets	<u>21,755,712</u>	<u>21,047,492</u>	<u>708,220</u>
<u>Liabilities</u>			
Current and Other Liabilities	5,685,786	5,575,330	(110,456)
Long-Term Liabilities	4,678,002	4,769,378	91,376
Total Liabilities	<u>10,363,788</u>	<u>10,344,708</u>	<u>(19,080)</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	8,004,228	8,363,916	(359,688)
Restricted	1,361,062	1,062,926	298,136
Unrestricted	2,026,634	1,275,942	750,692
Total Net Assets	<u>\$11,391,924</u>	<u>\$10,702,784</u>	<u>\$689,140</u>

The above table reflects several significant changes from the prior fiscal year. Note the increase in current and other assets of over \$1 million. This increase is primarily due to two factors. There was an increase in cash and cash equivalents of over \$890,000 and due, in large part, to an increase in open enrollment and an increase in tax revenues (collections on a 4.6 mill emergency operating levy, fiscal

Liberty Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

year 2011 was the first full year of collection of the levy approved in May 2009 with collection beginning in January 2010). There was also an increase in intergovernmental receivables due to the Education Jobs grant. These increases are reflected in the increases in both restricted and unrestricted net assets.

Table 2 reflects the change in net assets for fiscal year 2011 and fiscal year 2010:

Table 2
Change in Net Assets

	Governmental Activities		Change
	2011	2010	
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$1,264,272	\$1,031,903	\$232,369
Operating Grants and Contributions	1,256,813	1,254,543	2,270
Total Program Revenues	<u>2,521,085</u>	<u>2,286,446</u>	<u>234,639</u>
General Revenues			
Property Taxes	4,581,350	4,283,509	297,841
Income Taxes	1,277,121	1,267,393	9,728
Payment in Lieu of Taxes	13,148		13,148
Grants and Entitlements	5,915,800	5,921,699	(5,899)
Interest	8,110	19,300	(11,190)
Gifts and Donations	3,398	6,338	(2,940)
Miscellaneous	83,749	78,961	4,788
Total General Revenues	<u>11,882,676</u>	<u>11,577,200</u>	<u>305,476</u>
Total Revenues	<u>14,403,761</u>	<u>13,863,646</u>	<u>540,115</u>
<u>Expenses</u>			
Instruction:			
Regular	6,069,489	5,993,005	(76,484)
Special	1,254,805	1,255,067	262
Vocational	382,605	376,502	(6,103)
Support Services:			
Pupils	1,071,774	1,067,660	(4,114)
Instructional Staff	451,557	439,481	(12,076)
Board of Education	8,334	13,261	4,927
Administration	881,236	956,991	75,755
Fiscal	321,412	313,564	(7,848)
Business	1,931	2,035	104
Operation and Maintenance of Plant	1,133,327	1,172,284	38,957
Pupil Transportation	565,218	585,338	20,120
Central	122,830	119,512	(3,318)
Non-Instructional Services	507,292	476,348	(30,944)
Extracurricular Activities	517,780	527,229	9,449
Interest and Fiscal Charges	425,031	460,615	35,584
Total Expenses	<u>13,714,621</u>	<u>13,758,892</u>	<u>44,271</u>
Increase in Net Assets	689,140	104,754	584,386
Net Assets at Beginning of Year	10,702,784	10,598,030	104,754
Net Assets at End of Year	<u>\$11,391,924</u>	<u>\$10,702,784</u>	<u>\$689,140</u>

Liberty Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

As seen in the above table, there was an increase in total program revenues of 10 percent from the prior fiscal year. This increase can be attributed in an increase in the School District's open enrollment. The change for general revenues was minimal overall; however, there was an increase in tax revenues as a result of a 4.6 mill emergency operating levy.

The overall change in expenses was not significant, less than 1 percent. As is to be expected, the instruction programs are the School District's largest expense, accounting for 56 percent of all governmental activities expenses. Combined with the support services related to instruction, such as pupils, instructional staff, operation and maintenance of plant, and pupil transportation, 80 percent of all of the School District's expenses are directly related to delivering education and maintaining facilities.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction:				
Regular	\$6,069,489	\$5,993,005	\$4,929,582	\$5,399,169
Special	1,254,805	1,255,067	582,793	283,362
Vocational	382,605	376,502	337,892	332,122
Support Services:				
Pupils	1,071,774	1,067,660	1,059,949	1,059,787
Instructional Staff	451,557	439,481	451,557	432,622
Board of Education	8,334	13,261	8,334	13,261
Administration	881,236	956,991	881,236	956,991
Fiscal	321,412	313,564	321,412	313,564
Business	1,931	2,035	1,931	2,035
Operation and Maintenance of Plant	1,133,327	1,172,284	1,133,327	1,172,284
Pupil Transportation	565,218	585,338	548,425	565,611
Central	122,830	119,512	122,830	119,512
Non-Instructional Services	507,292	476,348	(17,317)	(41,661)
Extracurricular Activities	517,780	527,229	406,554	403,172
Interest and Fiscal Charges	425,031	460,615	425,031	460,615
Total Expenses	\$13,714,621	\$13,758,892	\$11,193,536	\$11,472,446

The table demonstrates that 82 percent of all of the School District's costs for fiscal year 2011 were provided for through general revenues (83 percent for fiscal year 2010). Only several of the School District's programs receive significant support from program revenues. For instance, the special instruction program paid for 54 percent of its costs through program revenues, those generally being operating grants restricted to special instruction programs. For both fiscal years 2011 and 2010, all of

Liberty Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

the costs of the non-instructional program were paid for through program revenues consisting of cafeteria sales, state and federal subsidies, and donated commodities for food service operations.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Fund balance in the General Fund increased 19 percent due, in large part, to the receipt of open enrollment monies and due to the 4.6 mill emergency levy. The change in fund balance in the Bond Retirement Fund was not significant.

General Fund Budgeting Highlights

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

During fiscal year 2011, the School District amended its General Fund budget as needed. For revenues, the change from the original budget to the final budget as well as from the final budget to actual revenues was not significant. For expenditures, there were minimal changes from the original budget to the final budget; however, actual expenditures were almost 9 percent less than the final budgeted amounts. Expenditures were lower in the regular instruction program due to the anticipation of retirements which did not occur, some staff reduction through attrition, and less need for substitution teachers during the fiscal year. Expenditures were lower in the operation and maintenance of plant program as the School District received some State Fiscal Stabilization Resources (receipted into a restricted special revenue fund) which were used to pay a portion of the utility costs, thereby reducing General Fund costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$9,851,232 invested in capital assets (net of accumulated depreciation). Changes from the prior fiscal year were minimal. For further information regarding the School District's capital assets, refer to Note 11 to the basic financial statements.

Debt

At June 30, 2011, the School District had outstanding general obligation bonds, in the amount of \$3,835,443. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 16 to the basic financial statements.

Current Issues

Liberty Benton Local School District is comprised of portions of Blanchard, Eagle, and Liberty Townships. It has a number of small and medium size businesses with agriculture contributing a significant influence on the local economy.

In May 2011, the School District sustained damage to the roof of the elementary, middle, and high school buildings as a result of a hail storm. The damage was not discovered until recently (August). As a result the building will require roof repair and interior tile replacement. The School District has a \$1,000 insurance deductible; however, the balance of the repairs (approximated at \$136,000) will be covered by our insurance provider.

Liberty Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Dobbins, Treasurer, Liberty Benton Local School District, 9190 County Road 9, Findlay, Ohio 45840-8811.

Liberty Benton Local School District
Statement of Net Assets
June 30, 2011

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$6,151,231
Accounts Receivable	17,289
Accrued Interest Receivable	688
Intergovernmental Receivable	422,993
Income Taxes Receivable	570,347
Inventory Held for Resale	5,417
Materials and Supplies Inventory	9,846
Property Taxes Receivable	4,680,770
Payment in Lieu of Taxes Receivable	13,148
Unamortized Issuance Costs	32,751
Nondepreciable Capital Assets	943,750
Depreciable Capital Assets, Net	8,907,482
Total Assets	21,755,712
 <u>Liabilities:</u>	
Accounts Payable	42,558
Accrued Wages and Benefits Payable	922,505
Matured Compensated Absences Payable	6,149
Intergovernmental Payable	379,781
Deferred Revenue	4,330,034
Accrued Interest Payable	4,759
Long-Term Liabilities:	
Due Within One Year	106,870
Due in More Than One Year	4,571,132
Total Liabilities	10,363,788
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	8,004,228
Restricted For:	
Capital Projects	250,185
Debt Service	462,061
Set Asides	44,256
Food Service	118,574
Education Jobs	300,209
Other Purposes	185,777
Unrestricted	2,026,634
Total Net Assets	\$11,391,924

See Accompanying Notes to Basic Financial Statements

Liberty Benton Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$6,069,489	\$784,765	\$355,142
Special	1,254,805	70,624	601,388
Vocational	382,605		44,713
Support Services:			
Pupils	1,071,774		11,825
Instructional Staff	451,557		
Board of Education	8,334		
Administration	881,236		
Fiscal	321,412		
Business	1,931		
Operation and Maintenance of Plant	1,133,327		
Pupil Transportation	565,218		16,793
Central	122,830		
Non-Instructional Services	507,292	313,829	210,780
Extracurricular Activities	517,780	95,054	16,172
Interest and Fiscal Charges	425,031		
Total Governmental Activities	\$13,714,621	\$1,264,272	\$1,256,813

General Revenues:

Property Taxes Levied for General Purposes
Property Taxes Levied for Debt Service
Income Taxes Levied for General Purposes
Payment in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Gifts and Donations
Miscellaneous
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year - Restated (Note 3)

Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in
Net Assets

Governmental
Activities

(\$4,929,582)
(582,793)
(337,892)

(1,059,949)
(451,557)
(8,334)
(881,236)
(321,412)
(1,931)
(1,133,327)
(548,425)
(122,830)
17,317
(406,554)
(425,031)

(11,193,536)

4,057,179
524,171
1,277,121
13,148
5,915,800
8,110
3,398
83,749

11,882,676

689,140

10,702,784

\$11,391,924

Liberty Benton Local School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,199,380	\$424,675	\$482,920	\$6,106,975
Accounts Receivable	17,289			17,289
Accrued Interest Receivable	688			688
Intergovernmental Receivable	1,767		421,226	422,993
Income Taxes Receivable	570,347			570,347
Inventory Held for Resale			5,417	5,417
Materials and Supplies Inventory	8,606		1,240	9,846
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	44,256			44,256
Property Taxes Receivable	4,150,241	530,529		4,680,770
Payment in Lieu of Taxes Receivable	11,622	1,526		13,148
Total Assets	<u>\$10,004,196</u>	<u>\$956,730</u>	<u>\$910,803</u>	<u>\$11,871,729</u>
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities</u>				
Accounts Payable	\$30,828		\$11,730	\$42,558
Accrued Wages and Benefits Payable	897,030		25,475	922,505
Matured Compensated Absences Payable	6,149			6,149
Intergovernmental Payable	360,928		18,853	379,781
Deferred Revenue	3,987,602	\$494,055	420,026	4,901,683
Total Liabilities	<u>5,282,537</u>	<u>494,055</u>	<u>476,084</u>	<u>6,252,676</u>
<u>Fund Balances:</u>				
Nonspendable	8,606		6,657	15,263
Restricted	44,256	462,675	179,147	686,078
Committed	191,985			191,985
Assigned	198,095		249,478	447,573
Unassigned (Deficit)	4,278,717		(563)	4,278,154
Total Fund Balances	<u>4,721,659</u>	<u>462,675</u>	<u>434,719</u>	<u>5,619,053</u>
Total Liabilities and Fund Balances	<u>\$10,004,196</u>	<u>\$956,730</u>	<u>\$910,803</u>	<u>\$11,871,729</u>

See Accompanying Notes to the Basic Financial Statements

Liberty Benton Local School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2011

Total Governmental Fund Balances \$5,619,053

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 9,851,232

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	18,876	
Intergovernmental Receivable	420,026	
Income Taxes Receivable	96,863	
Property Taxes Receivable	35,884	
		571,649

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 32,751

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(4,759)	
General Obligation Bonds Payable	(3,835,443)	
Compensated Absences Payable	(842,559)	
		(4,682,761)

Net Assets of Governmental Activities \$11,391,924

See Accompanying Notes to the Basic Financial Statements

Liberty Benton Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$4,094,648	\$529,119		\$4,623,767
Income Taxes	1,280,244			1,280,244
Payment in Lieu of Taxes	11,622	1,526		13,148
Intergovernmental	5,742,798	119,222	\$1,041,435	6,903,455
Interest	13,042			13,042
Tuition and Fees	853,807			853,807
Extracurricular Activities			95,054	95,054
Charges for Services			313,829	313,829
Gifts and Donations	3,398		16,172	19,570
Miscellaneous	67,525	82	14,375	81,982
Total Revenues	<u>12,067,084</u>	<u>649,949</u>	<u>1,480,865</u>	<u>14,197,898</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,564,135		220,806	5,784,941
Special	1,132,558		87,999	1,220,557
Vocational	359,083		5,500	364,583
Support Services:				
Pupils	805,576		227,861	1,033,437
Instructional Staff	378,036		69,912	447,948
Board of Education	8,334			8,334
Administration	856,702			856,702
Fiscal	302,661	12,585		315,246
Business	1,931			1,931
Operation and Maintenance of Plant	813,522		262,007	1,075,529
Pupil Transportation	502,655		24,000	526,655
Central	103,240		5,000	108,240
Non-Instructional Services			488,083	488,083
Extracurricular Activities	304,398		140,233	444,631
Capital Outlay	18,043		44,965	63,008
Debt Service:				
Principal Retirement		76,591		76,591
Interest and Fiscal Charges		59,893		59,893
Interest on Capital Appreciation Bonds		493,409		493,409
Total Expenditures	<u>11,150,874</u>	<u>642,478</u>	<u>1,576,366</u>	<u>13,369,718</u>
Excess of Revenues Over (Under) Expenditures	<u>916,210</u>	<u>7,471</u>	<u>(95,501)</u>	<u>828,180</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In			159,301	159,301
Transfers Out	(159,301)			(159,301)
Total Other Financing Sources (Uses)	<u>(159,301)</u>		<u>159,301</u>	
Changes in Fund Balances	756,909	7,471	63,800	828,180
Fund Balances at Beginning of Year - Restated (Note 3)	<u>3,964,750</u>	<u>455,204</u>	<u>370,919</u>	<u>4,790,873</u>
Fund Balances at End of Year	<u>\$4,721,659</u>	<u>\$462,675</u>	<u>\$434,719</u>	<u>\$5,619,053</u>

See Accompanying Notes to the Basic Financial Statements

Liberty Benton Local School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Changes in Fund Balances - Total Governmental Funds \$828,180

Amounts reported for governmental activities on the statement of activities are different because of the following:

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

Capital Outlay - Nondepreciable Capital Assets	13,180	
Capital Outlay - Depreciable Capital Assets	129,979	
Depreciation	<u>(579,438)</u>	(436,279)

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

Property Taxes	(42,417)	
Income Taxes	(3,123)	
Intergovernmental	252,986	
Interest	(4,932)	
Tuition and Fees	1,582	
Miscellaneous	<u>1,767</u>	205,863

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 76,591

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net assets.

Annual Accretion on Capital Appreciation Bonds	(365,138)	
Payment of Accretion of Capital Appreciation Bonds	<u>493,409</u>	128,271

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (113,486)

Change in Net Assets of Governmental Activities \$689,140

See Accompanying Notes to the Basic Financial Statements

Liberty Benton Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$4,089,737	\$4,126,555	\$4,187,648	\$61,093
Income Taxes	1,197,552	1,197,552	1,273,563	76,011
Payment in Lieu of Taxes	1,000	1,000	11,622	10,622
Intergovernmental	5,622,631	5,622,631	5,742,798	120,167
Interest	32,000	32,000	6,869	(25,131)
Tuition and Fees	562,524	562,524	853,931	291,407
Gifts and Donations	2,695	2,695	3,398	703
Miscellaneous	71,563	77,346	54,958	(22,388)
Total Revenues	<u>11,579,702</u>	<u>11,622,303</u>	<u>12,134,787</u>	<u>512,484</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,179,138	6,183,138	5,596,553	586,585
Special	1,160,986	1,160,986	1,135,074	25,912
Vocational	434,992	434,993	381,188	53,805
Adult/Continuing	216	216		216
Support Services:				
Pupils	845,247	845,245	815,371	29,874
Instructional Staff	403,880	403,879	383,574	20,305
Board of Education	9,509	8,510	8,510	
Administration	921,164	921,164	929,896	(8,732)
Fiscal	304,359	301,359	322,217	(20,858)
Business	2,133	2,133	2,002	131
Operation and Maintenance of Plant	1,223,474	1,231,677	824,945	406,732
Pupil Transportation	560,611	560,611	579,668	(19,057)
Central	117,328	117,328	105,520	11,808
Extracurricular Activities	308,290	308,289	317,792	(9,503)
Capital Outlay	35,400	27,200	18,043	9,157
Total Expenditures	<u>12,506,727</u>	<u>12,506,728</u>	<u>11,420,353</u>	<u>1,086,375</u>
Excess of Revenues Over (Under) Expenditures	<u>(927,025)</u>	<u>(884,425)</u>	<u>714,434</u>	<u>1,598,859</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	10,000	10,000	14,118	4,118
Refund of Prior Year Receipts			(9,415)	(9,415)
Transfers In	17,418	17,418		(17,418)
Transfers Out	(158,468)	(158,468)	(159,301)	(833)
Total Other Financing Sources (Uses)	<u>(131,050)</u>	<u>(131,050)</u>	<u>(154,598)</u>	<u>(23,548)</u>
Changes in Fund Balance	(1,058,075)	(1,015,475)	559,836	1,575,311
Fund Balance at Beginning of Year	4,181,625	4,181,625	4,181,625	
Prior Year Encumbrances Appropriated	276,701	276,701	276,701	
Fund Balance at End of Year	<u>\$3,400,251</u>	<u>\$3,442,851</u>	<u>\$5,018,162</u>	<u>\$1,575,311</u>

See Accompanying Notes to the Basic Financial Statements

Liberty Benton Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$2,002	\$72,799
<u>Liabilities:</u>		
Undistributed Assets		\$1,763
Due to Students		71,036
Total Liabilities		\$72,799
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$2,002	

See Accompanying Notes to the Basic Financial Statements

Liberty Benton Local School District
Statement of Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

Additions:

Gifts and Donations	\$1,180
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Deductions:

Non-Instructional Services	<u>1,200</u>
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Change in Net Assets	(20)
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Net Assets at Beginning of Year - Restated (Note 3)	<u>2,022</u>
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Net Assets at End of Year	<u><u>\$2,002</u></u>
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See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1954. It is located in Hancock County and includes all of the Village of Benton Ridge, and part of Blanchard, Eagle, and Liberty Townships. The School District is the 407th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by sixty-seven classified employees, ninety-two certified teaching personnel, and seven administrative employees who provide services to one thousand two hundred forty-seven students and other community members. The School District currently operates two instructional buildings.

Reporting Entity

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

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

The School District participates in five jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Millstream Career and Technology Center, Hancock County Local Professional Development Committee, Northwestern Ohio Educational Research Council, Inc., Bay Area Council of Governments, Hancock County Schools Health Benefit Fund, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Liberty Benton Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

F. Cash and Investments

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

During fiscal year 2011, investments consisted of repurchase agreements, mutual funds, and STAR Ohio. Repurchase agreements are reported at cost. Investments are reported at fair value, which is based on current share price or quoted market price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2011 was \$13,042, which included \$1,840 assigned from other School District funds.

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

G. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements.

I. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of one thousand five hundred dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Description	Useful Lives
Land Improvements	20 years
Buildings and Building Improvements	18 - 109 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	10 - 15 years

J. Compensated Absences

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

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

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Issuance Costs and Premiums

On government-wide financial statements, issuance costs and bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Unamortized Loss on Advance Refunding

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for music and athletic programs and federal and state grants.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Fund Balance

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

P. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

Q. Estimates

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

Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets

A. Change in Accounting Principles

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

B. Restatement of Fund Balance/Net Assets

The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Bond Retirement	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2010	\$3,766,070	\$455,204	\$572,366	\$4,793,640
Change in Fund Structure	198,680		(201,447)	(2,767)
Adjusted Fund Balance at June 30, 2010	\$3,964,750	\$455,204	\$370,919	\$4,790,873

Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets (Continued)

The restatement had the following effect on net assets.

	Total Governmental Activities	Private Purpose Trust
Net Assets at June 30, 2010	\$10,705,551	
Change in Fund Structure	(2,767)	\$2,022
Restated Net Assets at June 30, 2010	\$10,702,784	\$2,022

Note 4 - Accountability

At June 30, 2011, the Title I special revenue fund had a deficit fund balance, in the amount of \$563 resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Note 5 - Budgetary Basis of Accounting (Continued)

Changes in Fund Balance

GAAP Basis	\$756,909
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2010, Received in Cash FY 2011	856,567
Accrued FY 2011, Not Yet Received in Cash	(764,352)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(1,358,442)
Accrued FY 2011, Not Yet Paid in Cash	1,294,935
Cash Adjustments:	
Unrecorded Activity FY 2010	(10,394)
Prepaid Items	10,603
Materials and Supplies Inventory	(516)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(225,474)
Budget Basis	\$559,836

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Note 6 - Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$2,301,698 of the School District's bank balance of \$3,425,778 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

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

	Fair Value	Maturity
Repurchase Agreement	\$2,179,549	7/1/11
Mutual Fund	16,436	average 30 days
STAR Ohio	649,006	average 58 days
Total Investments	\$2,844,991	

Note 6 - Deposits and Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The securities underlying the repurchase agreement (Federal National Mortgage Association Notes) carry a rating of Aaa by Moodys. The mutual fund and STAR Ohio carry a rating of AAA by Standard and Poor. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements be limited to investments in United States treasury securities and federal government agency securities. Mutual funds in eligible securities must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk as it is uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

The School District places no limit on the amount it may invest in any one issuer. The following table indicates the percentage of investments to the School District's total portfolio:

	Fair Value	Percentage of Portfolio
Repurchase Agreement	\$2,179,549	76.6%

Note 7 - Receivables

Receivables at June 30, 2011, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, income taxes, property taxes, and payment in lieu of taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except income taxes and property taxes are expected to be collected within one year. Income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Ohio Department of Taxation	\$1,767
Other Governmental Funds	
Other Grants	1,200
Education Jobs	300,209
Race to the Top	25,000
Special Education Part B	76,917
Title I	17,900
Total Other Governmental Funds	421,226
Total Governmental Activities	\$422,993

Note 8 - Income Taxes

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1995, and was renewed in 2010 for a ten year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Note 9 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Hancock County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Liberty Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 9 - Property Taxes (Continued)

The amount available as an advance at June 30, 2011, was \$290,000 in the General Fund and \$38,000 in the Bond Retirement debt service fund. The amount available as an advance at June 30, 2010, was \$383,000 in the General Fund and \$51,000 in the Bond Retirement debt service fund.

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

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

	2010 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$118,021,640	76.94%	\$122,068,110	77.81%
Industrial/Commercial	27,852,050	18.15	27,405,750	17.47
Public Utility	7,539,160	4.91	7,412,260	4.72
Total Assessed Value	<u>\$153,412,850</u>	<u>100.00%</u>	<u>\$156,886,120</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.54		\$43.23	

Note 10 - Payment in Lieu of Taxes

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

Liberty Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 11 - Capital Assets

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

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$930,570			\$930,570
Construction in Progress		\$13,180		13,180
Total Nondepreciable Capital Assets	930,570	13,180		943,750
Depreciable Capital Assets				
Land Improvements	1,221,159	36,061		1,257,220
Buildings and Building Improvements	14,683,729	14,455		14,698,184
Furniture, Fixtures, and Equipment	1,481,156	55,463	(\$1,525)	1,535,094
Vehicles	985,836	24,000		1,009,836
Total Depreciable Capital Assets	18,371,880	129,979	(1,525)	18,500,334
Less Accumulated Depreciation				
Land Improvements	(349,086)	(61,991)		(411,077)
Buildings and Building Improvements	(7,314,435)	(349,748)		(7,664,183)
Furniture, Fixtures, and Equipment	(798,453)	(111,187)	1,525	(908,115)
Vehicles	(552,965)	(56,512)		(609,477)
Total Accumulated Depreciation	(9,014,939)	(579,438)	1,525	(9,592,852)
Depreciable Capital Assets, Net	9,356,941	(449,459)		8,907,482
Governmental Activities Capital Assets, Net	\$10,287,511	(\$436,279)		\$9,851,232

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$196,659
Special	27,169
Vocational	17,141
Support Services:	
Pupils	17,723
Instructional Staff	23,019
Administration	18,745
Fiscal	3,649
Operation and Maintenance of Plant	78,064
Pupil Transportation	63,770
Central	14,590
Non-Instructional Services	14,798
Extracurricular Activities	104,111
Total Depreciation Expense	\$579,438

Note 12 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted for the following insurance coverage:

Coverage provided by The Schools of Ohio Risk Sharing Authority is as follows:	
Building and Contents	\$39,287,102
General School District Liability	
Per Occurrence	4,000,000
Aggregate	6,000,000
Automobile Liability	4,000,000
Uninsured Motorists	1,000,000

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

The School District participates in the Hancock County Schools Health Benefit Fund (Fund), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The School District pays monthly premiums to the Fund for employee medical, dental, vision, and life insurance benefits. The Fund is responsible for the management and operations of the program. Upon withdrawal from the Fund, a participant is responsible for the payment of all Fund liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 13 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Note 13 - Defined Benefit Pension Plans (Continued)

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

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 was \$698,539, \$678,285, and \$695,306, respectively; 82 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DCP and CP for fiscal year 2011 are not yet available.

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Note 13 - Defined Benefit Pension Plans (Continued)

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$175,968, \$188,146, and \$137,285, respectively; 34 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2011, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$53,734, \$53,565, and \$54,739, respectively; 82 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

Note 14 - Postemployment Benefits (Continued)

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, the surcharge amount was \$24,014.

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

The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$21,307, \$6,772, and \$62,828, respectively; 34 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$11,324, \$11,189, and \$11,327, respectively; 34 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

Note 15 - Other Employee Benefits

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave for all employees.

Liberty Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 15 - Other Employee Benefits (Continued)

B. Health Care Benefits

The School District provides medical, dental, vision, and life insurance to all employees through the Hancock County Schools Health Benefit Fund. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

Note 16 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
General Obligation Bonds					
1998 School Improvement Refunding					
Capital Appreciation Bonds	\$348,595		\$76,591	\$272,004	\$65,299
Accretion on Capital Appreciation Bonds	2,083,959	\$365,138	493,409	1,955,688	
FY 2010 School Improvement Refunding					
Term Bonds 3.65% - 4.00%	1,570,000			1,570,000	
Premium	48,032			48,032	
Accounting Loss	(10,281)			(10,281)	
Total General Obligation Bonds	4,040,305	365,138	570,000	3,835,443	65,299
Compensated Absences Payable	729,073	130,534	17,048	842,559	41,571
Total Governmental Activities Long-Term Liabilities	<u>\$4,769,378</u>	<u>\$495,672</u>	<u>\$587,048</u>	<u>\$4,678,002</u>	<u>\$106,870</u>

FY 1998 School Improvement Refunding Bonds - On April 1, 1998, the School District issued \$7,303,427 in voted general obligation bonds to pay notes, in the amount of \$700,000, and to refund bonds previously issued in 1994, in the amount of \$6,604,053, for constructing, furnishing, and equipping a new high school and improvements to other School District buildings. The refunding bond issue included serial, term, and capital appreciation bonds, in the original amount of \$5,290,000, \$1,575,000, and \$438,427, respectively. The bonds were issued for a twenty-two year period, with final maturity during fiscal year 2020. The remaining balance of the term bonds was advance refunded during fiscal 2010.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2009 through 2016. The maturity amount of the bonds is \$3,420,000. For fiscal year 2011, \$365,138 was accreted and \$570,000 was paid on the capital appreciation bonds for a total outstanding bond value of \$2,227,692 at fiscal year end.

The refunded bonds have been fully retired.

FY 2010 School Improvement Refunding Bonds - On December 16, 2009, the School District issued bonds, in the amount of \$1,570,000, to partially refund bonds previously issued in 1998 for constructing, furnishing and equipping a new high school and improvements to other School District buildings. The refunding bond issue includes term bonds, in the amount of \$1,570,000. The bonds were issued for a ten year period, with final maturity during fiscal year 2020.

Compensated absences will be paid from the General Fund.

Liberty Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 16 - Long-Term Obligations (Continued)

The School District's overall debt margin was \$12,075,973 with an unvoted debt margin of \$149,503 at June 30, 2011.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2011, were as follows:

Fiscal Year Ending June 30,	General Obligations Bonds			Total
	Term	Capital	Interest	
2012		\$65,299	\$564,594	\$629,893
2013		55,678	574,215	629,893
2014		47,470	582,422	629,892
2015		40,162	589,730	629,892
2016		34,228	595,664	629,892
2017-2020	\$1,570,000	29,167	688,564	2,287,731
	<u>\$1,570,000</u>	<u>\$272,004</u>	<u>\$3,595,189</u>	<u>\$5,437,193</u>

Note 17 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Bond Retirement	Other Governmental	Total Governmental Funds
Nonspendable for:				
Materials and Supplies Inventory	\$8,606		\$6,657	\$15,263
Restricted for:				
Athletics and Music			55,189	55,189
Capital Improvements	44,256			44,256
Debt Retirement		\$462,675		462,675
Food Service Operations			111,917	111,917
Regular Instruction			5,048	5,048
Special Instruction			6,494	6,494
Vocational Instruction			499	499
Total Restricted	<u>44,256</u>	<u>462,675</u>	<u>179,147</u>	<u>686,078</u>
Committed for:				
Termination Benefits	191,985			191,985
Assigned for:				
Extracurricular Activities	27,258			27,258
Permanent Improvements			249,478	249,478
Unpaid Obligations	170,837			170,837
Total Assigned	<u>198,095</u>		<u>249,478</u>	<u>447,573</u>
Unassigned (Deficit):	<u>4,278,717</u>		<u>(563)</u>	<u>4,278,154</u>
Total Fund Balance	<u>\$4,721,659</u>	<u>\$462,675</u>	<u>\$434,719</u>	<u>\$5,619,053</u>

Note 18 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2011.

	Textbooks	Capital Improvements
Balance June 30, 2010	(\$1,509,519)	\$42,620
Current Year Set Aside Requirement	197,642	197,642
Current Year Offsets		(137,925)
Qualifying Expenditures	(252,951)	(58,081)
Reserve Balance June 30, 2011	(\$1,564,828)	\$44,256
Amount Carried Forward to Fiscal Year 2012	(\$1,564,828)	\$44,256

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

Note 19 - Interfund Transfers

During fiscal year 2011, the General Fund made transfers to other governmental funds, in the amount of \$159,301, to subsidize permanent improvements and operations of other governmental funds.

Note 20 - Jointly Governed Organizations

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county. During fiscal year 2011, the School District paid \$26,979 to NOACSC for various services. Financial information can be obtained from NOACSC, 645 South Main Street, Lima, Ohio 45804.

B. Millstream Career and Technology Center

The Millstream Career and Technology Center is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Treasurers from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, 1219 West Main Cross, Suite 101, Findlay, Ohio 45840-3377.

Note 20 - Jointly Governed Organizations (Continued)

C. Hancock County Local Professional Development Committee

The Hancock County Local Professional Development Committee (HCLPDC) was established in 1999 to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The HCLPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The HCLPDC is governed by a thirteen member Executive Board. Financial information can be obtained from the Hancock County Educational Service Center, who serves as fiscal agent, 7746 County Road 140, Findlay, Ohio 45840.

D. Northwestern Ohio Educational Research Council, Inc.

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

E. Bay Area Council of Governments

The Bay Area Council of Governments (Council) is a jointly governed organization among thirty-eight school districts which was formed to purchase quality products and services at the lowest possible cost to participating school districts. The Council is governed by a board consisting of seven superintendents from the participating school districts. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained from the Bay Area Council of Governments, North Point Educational Service Center, 2900 Columbus Avenue, Sandusky, Ohio 44870.

The School District participates in the Council's prepaid natural gas program. This program allows the School District to purchase natural gas at reduced rates if the School District commits to participating for a twelve year period. The School District makes monthly payments based on estimated usage. Each month the estimates are compared to actual usage and adjustments are made.

The City of Hamilton, Ohio, has issued \$89,450,000 in debt to purchase natural gas from CMS Energy Corporation for the participating school districts for the twelve year period. The participating school districts are not obligated in any manner for the debt. If a participating school district terminates its agreement, the school district is entitled to recover the amount of its contributions for its share of program administrative costs which had not been encumbered.

Note 21 - Insurance Pools

A. Hancock County Schools Health Benefit Fund

The Hancock County Schools Health Benefit Fund is a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to the employees of the participants. Each participants' superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington, concerning aspects of the administration of the Fund.

Note 21 - Insurance Pools (Continued)

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Huntington Insurance, P.O. Box 10079, 1695 Indian Wood Circle, Maumee, Ohio 43537.

B. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 22 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation

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

**LIBERTY BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
National School Lunch Program	10.555		
Cash Assistance		\$126,786	\$126,786
Non-Cash Assistance (Commodities)		53,639	53,639
Total National School Lunch Program		180,425	180,425
School Breakfast Program	10.553	22,523	22,523
Total U.S. Department of Agriculture		202,948	202,948
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
<u>Title I, Part A Cluster:</u>			
Title I Grants to Local Educational Agencies	84.010	95,382	95,173
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	18,830	18,830
Total Title I, Part A Cluster		114,212	114,003
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	127,889	121,158
Special Education - Preschool Grants	84.173	4,525	4,525
ARRA - Special Education - Grants to States, Recovery Act	84.391	120,245	121,908
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	1,296	1,296
Total Special Education Cluster:		253,955	248,887
Education Technology State Grants	84.318	1,087	1,175
Improving Teacher Quality State Grants	84.367	27,935	27,935
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	405,256	405,256
Total U.S. Department of Education		802,445	797,256
Total Federal Awards Receipts and Expenditures		\$1,005,393	\$1,000,204

The accompanying notes are an integral part of this Schedule.

**LIBERTY BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Liberty Benton Local School District (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

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



Dave Yost • Auditor of State

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

Liberty Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840-8811

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 Liberty Benton Local School District, Hancock County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2011, in which we noted the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Liberty Benton Local School District
Hancock County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 10, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

November 10, 2011



Dave Yost • Auditor of State

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

Liberty Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840-8811

To the Board of Education:

Compliance

We have audited the compliance of Liberty Benton Local School District, Hancock 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 could directly and materially affect each of the District's major federal programs for the year ended June 30, 2011. 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 major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Liberty Benton Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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

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

Dave Yost
Auditor of State

November 10, 2011

LIBERTY BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	ARRA State Fiscal Stabilization Fund – Education State Grants CFDA #84.394 Special Education Cluster: Special Education – Grants to States CFDA #84.027 Special Education – Preschool Grants CFDA #84.173 ARRA - Special Education – Grants to States, Recovery Act CFDA #84.391 ARRA - Special Education - Preschool Grants, Recovery Act CFDA #84.392
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Liberty Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840-8811

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

We noted the Board amended its anti-harassment policy at its meeting on March 21, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

November 10, 2011

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Dave Yost • Auditor of State

LIBERTY BENTON LOCAL SCHOOL DISTRICT

HANCOCK 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
NOVEMBER 29, 2011**