

South Point Local School District
Lawrence County
Single Audit
For the Fiscal Year Ended June 30, 2012



Millhuff-Stang, CPA, Inc.
1428 Gallia Street, Suite 2
Portsmouth, Ohio 45662
Phone: 740.876.8548 ■ Fax: 888.876.8549
Website: www.milhuffstangcpa.com ■ Email: natalie@milhuffstangcpa.com



Dave Yost • Auditor of State

Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

We have reviewed the *Independent Auditor's Report* of the South Point Local School District, Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

February 8, 2013

This page intentionally left blank.

South Point Local School District
Lawrence County
Table of Contents
For the Fiscal Year Ended June 30, 2012

Title	Page
Independent Auditor’s Report.....	1 – 2
Management’s Discussion and Analysis.....	3 – 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	10
Statement of Activities.....	11
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 the 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 and Actual (Budget Basis)– General Fund.....	16
Statement of Fiduciary Net Assets – Fiduciary Fund.....	17
Notes to the Basic Financial Statements.....	18 – 40
Schedule of Federal Awards Expenditures.....	41
Notes to the Schedule of Federal Awards Expenditures.....	42
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	43 – 44
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	45 – 46
Schedule of Findings and Questioned Costs OMB Circular A-133 Section .505.....	47

This page intentionally left blank.

Independent Auditor's Report

Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

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

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of South Point Local School District, Lawrence County, as of June 30, 2012, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting 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 assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

December 27, 2012

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The discussion and analysis of the South Point Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2012 are as follows:

- Net assets of governmental activities increased \$541,814.
- General revenues accounted for \$16,935,540 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$2,763,588 or 14% total revenues of \$19,699,128.
- Total assets of governmental activities decreased \$880,477. Cash and Cash Equivalents increased \$1,432,658 due mainly to reduction in expenditures for salaries and benefits. Property and Other Local Taxes Receivable increased \$29,506. Capital assets decreased \$2,076,451 due to the sale of a vacant school building and depreciation expenses. Total governmental activities liabilities decreased \$1,422,291. This decrease is attributed mainly to a decrease accrued wages, deferred revenue, and matured compensated absences, and principal payments on long-term liabilities.
- The School District had \$19,157,314 in expenses related to governmental activities; only \$2,763,588 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$16,935,540 were adequate to provide for these programs.
- The School District's major funds were the General Fund, and the Bond Retirement Fund. The General Fund had \$16,273,610 in revenues and \$14,559,258 in expenditures. The General Fund's balance increased \$2,038,852. The Bond Retirement Fund had \$790,744 in revenues and \$732,845 in expenditures. The Bond Retirement Fund's balance increased \$57,899.

Using this Annual Financial Report

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

The Statement of Net Assets and 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 the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two 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 that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the 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 programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

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

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Table 1
Net Assets

	Governmental Activities		
	2012	2011	Change
Assets			
Current and Other Assets	\$15,110,990	\$13,915,016	\$1,195,974
Capital Assets	49,891,743	51,968,194	(2,076,451)
Total Assets	<u>65,002,733</u>	<u>65,883,210</u>	<u>(880,477)</u>
Liabilities			
Long-term Liabilities	11,847,123	12,527,510	(680,387)
Other Liabilities	5,071,934	5,813,838	(741,904)
Total Liabilities	<u>16,919,057</u>	<u>18,341,348</u>	<u>(1,422,291)</u>
Net Assets			
Invested in Capital Assets, Net of Debt	40,452,981	41,856,616	(1,403,635)
Restricted	2,797,743	3,254,992	(457,249)
Unrestricted (Deficit)	4,832,952	2,430,254	2,402,698
Total Net Assets	<u>\$48,083,676</u>	<u>\$47,541,862</u>	<u>\$541,814</u>

Total assets decreased \$880,477. This was due to a decrease in capital assets resulting from the sale of a vacant school building and depreciation charged in 2012. Total governmental activities liabilities decreased \$1,422,291. This decrease is attributed mainly to a decrease in accrued wages, deferred revenue, and matured compensated absences, and long-term liabilities.

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2012 compared to 2011.

Table 2
Changes in Net Assets

	Governmental Activities		
	2012	2011*	Variance
Revenues			
Program Revenues			
Charges for Services	\$373,580	\$488,422	(\$114,842)
Operating Grants, Contributions and Interest	2,390,008	3,874,662	(\$1,484,654)
Total Program Revenues	<u>2,763,588</u>	<u>4,363,084</u>	<u>(1,599,496)</u>
General Revenues			
Property Taxes	4,279,434	3,715,685	563,749
Grants and Entitlements	12,577,522	11,641,843	935,679
Investment Earnings	2,293	16,744	(14,451)
Gain on Sale of Capital Assets	0	39,500	(39,500)
Miscellaneous	76,291	47,259	29,032
Total General Revenues	<u>16,935,540</u>	<u>15,461,031</u>	<u>1,474,509</u>
Total Revenues	<u>19,699,128</u>	<u>19,824,115</u>	<u>(124,987)</u>
Program Expenses			
Instruction:			
Regular	8,761,568	8,134,851	626,717
Special	2,220,957	2,277,136	(56,179)
Vocational	259,259	254,699	4,560
Student Intervention Services	39,699	26,347	13,352
Other	11,060	22,190	(11,130)
Support Services:			
Pupil	563,661	566,061	(2,400)
Instructional Staff	991,860	1,078,239	(86,379)
Board of Education	172,179	222,751	(50,572)
Administration	1,059,704	1,511,941	(452,237)
Fiscal	477,592	455,584	22,008
Operation and Maintenance of Plant	1,830,634	2,126,495	(295,861)
Pupil Transportation	1,055,390	1,133,651	(78,261)
Central	59,196	64,014	(4,818)
Operation of Non-Instructional Services:			
Food Service Operations	831,024	836,142	(5,118)
Community Services	1,028	1,060	(32)
Extracurricular Activities	322,345	291,738	30,607
Sport Oriented Activities	0	3,350	(3,350)
Interest and Fiscal Charges	500,158	519,099	(18,941)
Total Expenses	<u>19,157,314</u>	<u>19,525,348</u>	<u>(368,034)</u>
Increase in Net Assets	541,814	298,767	243,047
Net Assets Beginning of Year	<u>47,541,862</u>	<u>47,243,095</u>	<u>298,767</u>
Net Assets End of Year	<u>\$48,083,676</u>	<u>\$47,541,862</u>	<u>\$541,814</u>

*Certain reclassifications were made due to an error identified in the prior year's program revenue classifications.

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2012 compared to 2011. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2012	2012	2011	2011*
Program Expenses				
Instruction:				
Regular	\$8,761,568	\$8,194,190	\$8,134,851	\$7,020,825
Special	2,220,957	1,364,775	2,277,136	1,238,549
Vocational	259,259	197,633	254,699	193,073
Student Intervention Services	39,699	39,699	26,347	26,347
Other	11,060	11,060	22,190	22,190
Support Services:				
Pupil	563,661	563,661	566,061	535,969
Instructional Staff	991,860	709,288	1,078,239	722,302
Board of Education	172,179	172,179	222,751	200,561
Administration	1,059,704	1,059,704	1,511,941	1,381,107
Fiscal	477,592	467,874	455,584	449,078
Operation and Maintenance of Plant	1,830,634	1,772,535	2,126,495	1,491,682
Pupil Transportation	1,055,390	1,014,959	1,133,651	1,002,052
Central	59,196	59,196	64,014	64,014
Operation of Non-Instructional Services:				
Food Service Operations	831,024	9,855	836,142	57,296
Community Services	1,028	(23)	1,060	44
Extracurricular Activities	322,345	256,983	291,738	234,726
Sport Oriented Activities	0	0	3,350	3,350
Interest and Fiscal Charges	500,158	500,158	519,099	519,099
Total	\$19,157,314	\$16,393,726	\$19,525,348	\$15,162,264

*Certain reclassifications were made due to an error identified in the prior year's program revenue classifications.

The School District Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,623,056 and expenditures of \$18,113,559. The School District has focused efforts to reduce expenditures, first through cuts to its discretionary budgets such as supplies and capital outlay, and also through the reduction of personnel. The economic condition within the School District would indicate the passage of an operating levy is highly unlikely.

General Fund Budgeting Highlights

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

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

During the course of fiscal 2012, the School District amended its General Fund budget, but not significantly. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$16,117,817; equal to final estimates. Original estimated revenues were increased \$899,406. Actual expenditures were \$15,258,130; equal to final budget estimates. Original expenditure estimates were increased \$1,872,151 due mainly to an increase in capital outlay and operation of maintenance and plant.

The School District's ending unobligated general fund balance was \$7,435,077.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012 the School District had \$49,891,743 invested in land and land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2012 balances compared to 2011.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2012	2011
Land	\$1,978,553	\$2,001,887
Land Improvements	2,281,414	2,334,274
Buildings and Improvements	44,346,926	46,389,615
Furniture and Equipment	820,971	887,036
Vehicles	463,879	355,382
Totals	\$49,891,743	\$51,968,194

See Note 9 to the basic financial statements for more information on capital assets.

Debt

At June 30, 2012 the School District had \$10,281,021 in long term debt. Total outstanding capital leases totaled \$926,391 and outstanding school construction bonds totaled \$9,354,630.

	Governmental Activities	
	2012	2011
2002 School Facilities		
Construction and Improvement:		
Serial Bonds - 2.00%-3.25%	\$310,000	\$600,000
Term Bonds - 4.50%-5.00%	7,785,000	7,785,000
Original Issue of Capital Appreciation		
Bonds - 21.947%-21.861%	556,336	556,336
Accretion on Capital Appreciation Bonds	433,340	356,040
Premium on Capital Appreciation Bonds	269,954	282,510
Capital Leases	926,391	1,315,671
	\$10,281,021	\$10,895,557

See note 14 to the basic financial statements for more information on debt.

South Point Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
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 show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Tresa Baker, Treasurer, at South Point Local School District, 302 High Street, South Point OH 45680. Or e-mail at tbaker@southpoint.k12.oh.us.

South Point Local School District
Statement of Net Assets
June 30, 2012

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$10,447,924
Cash and Cash Equivalents with Fiscal Agents	10,431
Materials and Supplies Inventory	43,594
Intergovernmental Receivable	264,691
Property and Other Local Taxes Receivable	4,205,385
Deferred Charges	138,965
Non-Depreciable Capital Assets	1,978,553
Depreciable Capital Assets, net	47,913,190
<i>Total Assets</i>	65,002,733
LIABILITIES:	
Accounts Payable	53,151
Accrued Wages and Benefits	1,522,650
Intergovernmental Payable	473,208
Accrued Interest Payable	31,415
Deferred Revenue	2,991,510
Long-Term Liabilities:	
Due Within One Year	989,844
Due in More Than One Year	10,857,279
<i>Total Liabilities</i>	16,919,057
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	40,452,981
Restricted for Debt Service	1,056,775
Restricted for Capital Outlay	823,778
Restricted for Other Purposes	846,731
Restricted for Set-Asides	67,581
Restricted for School Bus Purchases	2,878
Unrestricted	4,832,952
<i>Total Net Assets</i>	\$48,083,676

See accompanying notes to the basic financial statements.

South Point Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Program Revenues		Net (Expense)	
	Expenses	Charges for Services and Sales	Revenue and Changes in Net Assets	
		Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$8,761,568	\$165,469	\$401,909	(\$8,194,190)
Special	2,220,957	0	856,182	(1,364,775)
Vocational	259,259	0	61,626	(197,633)
Student Intervention Services	39,699	0	0	(39,699)
Other	11,060	0	0	(11,060)
Support Services:				
Pupils	563,661	0	0	(563,661)
Instructional Staff	991,860	0	282,572	(709,288)
Board of Education	172,179	0	0	(172,179)
Administration	1,059,704	0	0	(1,059,704)
Fiscal	477,592	0	9,718	(467,874)
Operation and Maintenance of Plant	1,830,634	0	58,099	(1,772,535)
Pupil Transportation	1,055,390	0	40,431	(1,014,959)
Central	59,196	0	0	(59,196)
Operation of Non-Instructional Services:				
Food Service Operations	831,024	143,174	677,995	(9,855)
Community Services	1,028	0	1,051	23
Extracurricular Activities	322,345	64,937	425	(256,983)
Interest and Fiscal Charges	500,158	0	0	(500,158)
Total Governmental Activities	\$19,157,314	\$373,580	\$2,390,008	(16,393,726)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				3,514,826
Property Taxes, Levied for Debt Service				695,275
Property Taxes, Levied for Capital Maintenance				69,333
Grants and Entitlements not Restricted to Specific Programs				12,577,522
Investment Earnings				2,293
Miscellaneous				76,291
Total General Revenues				16,935,540
Change in Net Assets				541,814
Net Assets Beginning of Year				47,541,862
Net Assets End of Year				\$48,083,676

See accompanying notes to the basic financial statements.

South Point Local School District
Balance Sheet
Governmental Funds
June 30, 2012

	General	Bond Retirement	All Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$7,596,512	\$1,150,709	\$1,625,060	\$10,372,281
Cash and Cash Equivalents with Fiscal Agents	0	10,431	0	10,431
Materials and Supplies Inventory	33,531	0	10,063	43,594
Interfund Receivable	2,350	0	0	2,350
Intergovernmental Receivable	0	0	264,691	264,691
Property and Other Local Taxes Receivable	3,455,230	682,431	67,724	4,205,385
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	75,643	0	0	75,643
<i>Total Assets</i>	<u>11,163,266</u>	<u>1,843,571</u>	<u>1,967,538</u>	<u>14,974,375</u>
LIABILITIES:				
Accounts Payable	53,151	0	0	53,151
Accrued Wages and Benefits	1,276,342	0	246,308	1,522,650
Interfund Payable	0	0	2,350	2,350
Intergovernmental Payable	369,076	0	104,132	473,208
Deferred Revenue	3,006,801	593,848	97,116	3,697,765
<i>Total Liabilities</i>	<u>4,705,370</u>	<u>593,848</u>	<u>449,906</u>	<u>5,749,124</u>
FUND BALANCES:				
Nonspendable	38,715	0	10,063	48,778
Restricted	70,459	1,249,723	1,625,725	2,945,907
Committed	705,244	0	0	705,244
Assigned	70,033	0	0	70,033
Unassigned	5,573,445	0	(118,156)	5,455,289
<i>Total Fund Balances</i>	<u>6,457,896</u>	<u>1,249,723</u>	<u>1,517,632</u>	<u>9,225,251</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,163,266</u>	<u>\$1,843,571</u>	<u>\$1,967,538</u>	<u>\$14,974,375</u>

See accompanying notes to the basic financial statements.

South Point Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2012*

Total Governmental Fund Balances		\$9,225,251
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		49,891,743
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	667,689	
Grants	38,566	706,255
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.		138,965
Interest payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(31,415)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Improvement Bonds Payable	(9,354,630)	
Capital Lease Payable	(926,391)	
Compensated Absences Payable	(1,566,102)	(11,847,123)
Net Assets of Governmental Activities		\$48,083,676

See accompanying notes to the basic financial statements

South Point Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Bond Retirement	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property and Other Local Taxes	\$3,468,189	\$687,224	\$68,506	\$4,223,919
Intergovernmental	12,576,059	103,520	2,244,489	14,924,068
Interest	2,080	0	213	2,293
Tuition and Fees	126,463	0	0	126,463
Rent	3,920	0	0	3,920
Extracurricular Activities	35,086	0	64,937	100,023
Gifts and Donations	22,480	0	425	22,905
Customer Sales and Services	0	0	143,174	143,174
Miscellaneous	39,333	0	36,958	76,291
<i>Total Revenues</i>	<u>16,273,610</u>	<u>790,744</u>	<u>2,558,702</u>	<u>19,623,056</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,819,323	0	637,879	7,457,202
Special	1,329,888	0	819,414	2,149,302
Vocational	239,064	0	0	239,064
Student Intervention Services	39,699	0	0	39,699
Other	7,077	0	0	7,077
Support Services:				
Pupils	519,248	0	0	519,248
Instructional Staff	682,305	0	252,412	934,717
Board of Education	172,179	0	0	172,179
Administration	1,000,583	0	0	1,000,583
Fiscal	378,865	61,230	5,160	445,255
Operation and Maintenance of Plant	1,556,069	0	42,920	1,598,989
Pupil Transportation	1,069,686	0	0	1,069,686
Central	59,196	0	0	59,196
Operation of Non-Instructional Services:				
Food Service Operations	0	0	830,181	830,181
Community Services	0	0	1,028	1,028
Extracurricular Activities	243,728	0	58,905	302,633
Capital Outlay	4,960	0	173,557	178,517
Debt Service:				
Principal	389,280	290,000	0	679,280
Interest	48,108	381,615	0	429,723
<i>Total Expenditures</i>	<u>14,559,258</u>	<u>732,845</u>	<u>2,821,456</u>	<u>18,113,559</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,714,352</u>	<u>57,899</u>	<u>(262,754)</u>	<u>1,509,497</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	0	0	33,500	33,500
Proceeds from Sale of Capital Assets	358,000	0	0	358,000
Transfers Out	(33,500)	0	0	(33,500)
<i>Total Other Financing Sources and Uses</i>	<u>324,500</u>	<u>0</u>	<u>33,500</u>	<u>358,000</u>
<i>Net Change in Fund Balances</i>	2,038,852	57,899	(229,254)	1,867,497
<i>Fund Balance at Beginning of Year</i>	<u>4,419,044</u>	<u>1,191,824</u>	<u>1,746,886</u>	<u>7,357,754</u>
<i>Fund Balance at End of Year</i>	<u>\$6,457,896</u>	<u>\$1,249,723</u>	<u>\$1,517,632</u>	<u>\$9,225,251</u>

See accompanying notes to the basic financial statements.

South Point Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012*

Net Change in Fund Balances - Total Governmental Funds		\$1,867,497
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital Asset Additions	290,405	
Depreciation Expense	<u>(1,345,989)</u>	(1,055,584)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(1,020,867)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	20,557	
Delinquent Taxes	<u>55,515</u>	76,072
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		679,280
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due:		
Accrued Interest Payable	773	
Annual Accretion	<u>(77,300)</u>	(76,527)
Bond premiums are reported as other financing sources in the governmental funds, but are recorded as a reduction of liability over the life of the bonds on the statement of activities		
		12,556
Issuance costs are reported as an expenditure when paid in governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities		
		(6,464)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated Absences Payable	<u>65,851</u>	<u>65,851</u>
<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$541,814</u></u>
See accompanying notes to the basic financial statements		

South Point Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Property and Other Local Taxes	\$2,912,303	\$3,312,396	\$3,312,396	\$0
Intergovernmental	12,073,276	12,576,059	12,576,059	0
Interest	8,855	2,080	2,080	0
Tuition and Fees	162,027	126,463	126,463	0
Rent	4,720	3,920	3,920	0
Extracurricular Activities	42,668	35,086	35,086	0
Gifts and Donations	4,562	22,480	22,480	0
Miscellaneous	10,000	39,333	39,333	0
Total Revenues	15,218,411	16,117,817	16,117,817	0
EXPENDITURES:				
Current:				
Instruction:				
Regular	7,170,949	7,153,868	7,153,868	0
Special	1,015,750	1,323,397	1,323,397	0
Vocational	225,596	239,649	239,649	0
Student Intervention Services	30,380	40,193	40,193	0
Other	20,520	10,077	10,077	0
Support Services:				
Pupils	475,051	512,203	512,203	0
Instructional Staff	611,390	718,742	718,742	0
Board of Education	143,582	216,751	216,751	0
Administration	1,051,394	1,121,768	1,121,768	0
Fiscal	374,281	408,223	408,223	0
Operation and Maintenance of Plant	1,059,926	1,621,242	1,621,242	0
Pupil Transportation	939,570	1,123,944	1,123,944	0
Central	59,619	62,711	62,711	0
Extracurricular Activities	204,258	239,745	239,745	0
Capital Outlay	3,713	465,617	465,617	0
Total Expenditures	13,385,979	15,258,130	15,258,130	0
Excess of Revenues Over Expenditures	1,832,432	859,687	859,687	0
OTHER FINANCING SOURCES AND USES:				
Advances In	161,911	11,911	11,911	0
Proceeds from Sale of Capital Assets	355,500	358,000	358,000	0
Transfers Out	0	(33,500)	(33,500)	0
Advances Out	0	(2,350)	(2,350)	0
Total Other Financing Sources and Uses	517,411	334,061	334,061	0
Net Change in Fund Balances	2,349,843	1,193,748	1,193,748	0
Fund Balance at Beginning of Year	6,078,257	6,078,257	6,078,257	0
Prior Year Encumbrances Appropriated	163,072	163,072	163,072	0
Fund Balance at End of Year	\$8,591,172	\$7,435,077	\$7,435,077	\$0

See accompanying notes to the basic financial statements.

South Point Local School District
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2012

	<u>Agency Fund</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$41,564</u>
<i>Total Current Assets</i>	<u>41,564</u>
<i>Total Assets</i>	<u>41,564</u>
LIABILITIES:	
Current Liabilities:	
Due to Students	<u>41,564</u>
<i>Total Current Liabilities</i>	<u><u>\$41,564</u></u>

See accompanying notes to the basic financial statements.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1 - Description of the School District and Reporting Entity

South Point Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 85 classified personnel, 111 certificated full time teaching personnel and 9 administrators who provide services to 1,900 students.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the 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 for the organization. The School District has no component units.

The School District participates in one jointly governed organization and three insurance purchasing pools. These organizations are the South Central Ohio Computer Association, the Ohio School Plan, the Lawrence County Schools Council of Governments Health Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of South Point 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. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide 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.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 the fiduciary funds. The statements ordinarily distinguish between activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type (primarily supported by fees and charges). The School District, however, 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 are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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. There are two categories of funds for this School District: governmental and fiduciary.

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

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Bond Retirement Fund The Bond Retirement Fund accounts for tax revenues collected to repay outstanding general obligation bonds.

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

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Fiduciary Fund Types 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 therefore not available to support the School District's own programs. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only Fiduciary Fund is an Agency Fund which accounts for student activity programs.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental Fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds.

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. Fiduciary Funds also use the accrual basis of accounting. Governmental Funds use the modified accrual basis of accounting. Differences in the accrual and the 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 Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The 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. Cash and Cash Equivalents

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 the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2012, investments were limited to certificates of deposit. These nonparticipating investment contracts are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$2,080 which includes \$582 assigned from other School District funds.

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

F. Inventory

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

G. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization and unexpended revenues restricted for the purchase of buses. See Note 18 for additional information regarding set-asides.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating current replacement cost of the capital assets to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	20 - 50 years
Land Improvements	20 years
Furniture and Equipment	5 – 20 years
Vehicles	8 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

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 classified and certified employees after fifteen years of current service with the School District.

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

J. Accrued Liabilities and Long-term Obligations

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

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

K. Interfund Activity

Transfers between governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of 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.

L. Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column of the statement of net assets.

M. 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 fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District 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 the use in satisfying those contractual requirements.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Assigned: Amounts in the assigned fund balance 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 School District Board of Education.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are 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 the amounts in any of the unrestricted fund balance classifications could be used.

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 balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation 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 food service operations and federal and state grants restricted to expenditure for specified purposes. Of the \$2,797,743 of restricted net assets, none is restricted by enabling legislation.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Unamortized Issuance Costs and Bond Premiums and Discounts

On government-wide financial statements, issuance costs and bond discounts and premiums are deferred and amortized over the term of the bonds using the straight-line method. Issuance costs are reported as deferred charges. Bond discounts are presented as a reduction of the face amount of bonds payable. Bond premiums are presented as an addition to the face amount of the bonds.

On the government fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the period in which bonds are issued.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The School District reported no such items for fiscal year 2012.

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.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

R. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The School District Treasurer has been given the authority to allocate appropriations among functions and objects within all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

Note 3 – Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2012:

	<u>Deficit Fund Balances</u>
Nonmajor Funds:	
Lunchroom	\$70,922
IDEA-B	3,806
Title II-A	33,322
Miscellaneous Federal Grants	43

These deficits are due to adjustments for accrued liabilities or grant requirements. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 4 – Fund Balances

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 Balances	General	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Unclaimed Monies	\$5,184	\$0	\$0	\$5,184
Materials and Supplies Inventory	33,531	0	10,063	43,594
<i>Total Nonspendable</i>	<u>38,715</u>	<u>0</u>	<u>10,063</u>	<u>48,778</u>
<u>Restricted for:</u>				
Athletics and Music	0	0	35,630	35,630
Early Childhood Education	0	0	2,999	2,999
Technology Improvements	0	0	12,121	12,121
Teacher Development and Instruction	0	0	75,340	75,340
Debt Service Payments	0	1,249,723	0	1,249,723
Capital Improvements	0	0	1,499,635	1,499,635
Budget Stabilization	67,581	0	0	67,581
School Bus Purchase	2,878	0	0	2,878
<i>Total Restricted</i>	<u>70,459</u>	<u>1,249,723</u>	<u>1,625,725</u>	<u>2,945,907</u>
<u>Committed to:</u>				
Other Purposes	705,244	0	0	705,244
<i>Total Restricted</i>	<u>705,244</u>	<u>0</u>	<u>0</u>	<u>705,244</u>
<u>Assigned to:</u>				
Other Purposes	70,033	0	0	70,033
<i>Total Assigned</i>	<u>70,033</u>	<u>0</u>	<u>0</u>	<u>70,033</u>
Unassigned:	5,573,445	0	(118,156)	5,455,289
<i>Total Fund Balances</i>	<u>\$6,457,896</u>	<u>\$1,249,723</u>	<u>\$1,517,632</u>	<u>\$9,225,251</u>

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance 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 Balances - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

GAAP Basis	\$2,038,852
Revenue Accruals	(155,793)
Expenditure Accruals	(461,794)
Advances In	11,911
Advances Out	(2,350)
Encumbrances	<u>(237,078)</u>
Budget Basis	<u><u>\$1,193,748</u></u>

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

Interim deposits are deposits of interim monies. Interim 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 may be deposited or invested in the following securities:

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

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 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) of this section and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); 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. 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's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2012, the School District's bank balance of \$10,591,631 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above. As of June 30, 2012, the School District had no investments.

Note 7 - Property Taxes

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

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012, was \$448,429 in the General Fund, \$88,583 in the Bond Retirement Fund and \$8,682 in the Classroom Facilities Maintenance Fund. The amount available as an advance at June 30, 2011 was \$292,636 in the General Fund, \$58,527 in the Bond Retirement Fund and \$5,759 in the Classroom Facilities Maintenance Fund.

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

The assessed values upon which the fiscal year 2012 taxes were collected from Lawrence County are:

	2011 First- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$175,114,820	94%	\$173,871,290	94%
Public Utility Personal	10,981,010	6%	10,946,270	6%
General Business Personal	134,430	0%	0	0%
Total	\$186,230,260	100%	\$184,817,560	100%
Tax rate per \$1,000 of assessed valuation	\$24.90		\$24.90	

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 8 - Receivables

Receivables at June 30, 2012 consisted of interfund loans, property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Other than delinquent property taxes, all receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Nonmajor Funds:	
HSTW	\$1,085
EdJobs	78,819
Title I	113,247
Title II-A	492
Title II-D	4,920
IDEA-B	66,128
Total Intergovernmental Receivables	\$264,691

Note 9 - Capital Assets

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

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$2,001,887	\$0	\$23,334	\$1,978,553
Total Capital Assets not being Depreciated	2,001,887	0	23,334	1,978,553
Depreciable Capital Assets:				
Land Improvements	3,448,770	83,817	102,011	3,430,576
Buildings and Improvements	55,133,502	34,668	2,224,602	52,943,568
Furniture and Equipment	1,290,669	0	0	1,290,669
Vehicles	1,302,115	171,920	29,807	1,444,228
Total Capital Assets being Depreciated	61,175,056	290,405	2,356,420	59,109,041
Less Accumulated Depreciation				
Land Improvements	(1,114,496)	(136,677)	(102,011)	(1,149,162)
Buildings and Improvements	(8,743,887)	(1,079,824)	(1,227,069)	(8,596,642)
Furniture and Equipment	(403,633)	(66,065)	0	(469,698)
Vehicles	(946,733)	(63,423)	(29,807)	(980,349)
Total Accumulated Depreciation	(11,208,749)	(1,345,989)	(1,358,887)	(11,195,851)
Total Capital Assets being Depreciated, Net	49,966,307	(1,055,584)	997,533	47,913,190
Capital Assets, Net	\$51,968,194	(\$1,055,584)	\$1,020,867	\$49,891,743

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$620,096
Special	109,199
Vocational	20,195
Other	3,983
Support Services:	
Pupils	43,107
Instructional Staff	59,443
Administration	109,924
Fiscal	32,790
Operation of Plant	170,317
Pupil Transportation	157,223
Extracurricular Activities	19,712
Total Depreciation Expense	\$1,345,989

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted with Hylant Administrative Services Selective Insurance for property and fleet insurance.

The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$68,397,411
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage – combined single limit	4,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$4,000,000
Aggregate Limit	6,000,000
Products – Complete Operations Aggregate Limit	4,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	4,000,000
Per Disease Each Employee	4,000,000
Per Disease Policy Limit	4,000,000

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Employee Benefits Liability:	
Per Claim	4,000,000
Aggregate Limit	6,000,000
Excess Liability:	
Each Occurrence	4,000,000
Aggregate Limit	6,000,000

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.

B. Workers' Compensation

For fiscal year 2012, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on a twelve month contract, earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators, and classified employees who are contracted to work less than 260 days per year do not earn vacation time. Teachers and administrators earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-half of the total sick leave accumulation, up to a maximum payment of 112.5 days for certified and classified employees.

B. Life Insurance and Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to certified, classified, and administrative employees through Guardian Insurance Company. The coverage amount is \$20,000 for certified and classified employees and \$50,000 for administrators. During fiscal year 2012, health insurance was provided by Anthem Inc. Premiums for this coverage are \$1,611 for family coverage and \$652 for single coverage. The School District pays 75% of both premiums for employees hired after July 1, 2002. The School District pays 100% of single premiums for employees hired before July 1, 2002. Dental and vision insurance is provided by Guardian. Premiums for dental coverage are \$83 for family coverage and \$22 for single coverage. Premiums for vision coverage are \$12 for family coverage and \$6 for single coverage. The School District pays 100% of single coverage. Employees are responsible for the excess cost of the family premium.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2012, 12.70 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$414,786, \$398,562, and \$371,793 respectively. For fiscal year 2012, 35.02 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement 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 STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

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

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

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Funding Policy - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$941,592, \$1,021,955, and \$1,058,678 respectively. For fiscal year 2012, 83.55 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012 none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated 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 the System 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 SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, this amount was \$35,800.

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 contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010, were \$0, \$33,195, and \$0 respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for fiscal years ended June 30, 2012, 2011, and 2010 were \$5,260, \$21,563, and \$8,258, respectively; 33.94 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health 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 the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$66,755, \$69,793, and \$72,831, respectively; 83.55 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

Note 14 - Long Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/11	Additions	Reductions	Principal Outstanding 6/30/12	Amounts Due in One Year
Governmental Activities					
2004 School Facilities					
Construction and Improvement:					
Serial Bonds - 2.00% - 3.25%	\$600,000	\$0	\$290,000	\$310,000	\$310,000
Term Bonds - 4.50% - 5.00%	7,785,000	0	0	7,785,000	0
Original Issue of Capital Appreciation					
Bonds	556,336	0	0	556,336	0
Accretion on Capital Appreciation Bonds	356,040	77,300	0	433,340	0
Premium on Capital Appreciation Bonds	282,510	0	12,556	269,954	0
Capital Leases	1,315,671	0	389,280	926,391	406,069
Compensated Absences	1,631,953	68,511	134,362	1,566,102	273,775
Total Governmental Activities					
Long-Term Liabilities	<u>\$12,527,510</u>	<u>\$145,811</u>	<u>\$826,198</u>	<u>\$11,847,123</u>	<u>\$989,844</u>

Compensated Absences will be paid from the General Fund.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

2004 School Facilities Construction and Improvement Bonds – On November 12, 2004, the School District issued \$10,316,336 in voted general obligation bonds for building a new middle school/high school and two elementary buildings. The bond issue included serial, term and capital appreciation bonds in the amount of \$1,975,000, \$7,785,000 and \$556,336, respectively. The bonds were issued for a twenty-seven year period, with the final maturity date during fiscal year 2032. The bonds are being retired through the Bond Retirement Fund.

The term bond maturing on December 1, 2024 is subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2017	\$335,000
2018	355,000
2019	380,000
2020	400,000
2021	420,000
2022	450,000
2023	475,000
	\$2,815,000

The remaining principal amount of \$500,000 will be paid at stated maturity on December 1, 2024.

The term bond maturing on December 1, 2031 is subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2025	\$535,000
2026	560,000
2027	585,000
2028	660,000
2029	670,000
2030	720,000
	\$3,730,000

The remaining principal amount of \$740,000 will be paid at stated maturity on December 1, 2031.

The capital appreciation bonds mature December 1, 2013 through December 1, 2016. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of the bonds is \$1,310,000. For fiscal year 2012, \$77,300 was accreted, leaving a total bond liability of \$989,676.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

Fiscal Year	Serial/Term Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion*	Principal	Accretion/ Interest
2013	\$310,000	\$371,938	\$0	\$0	\$310,000	\$371,938
2014	0	366,900	156,328	168,672	156,328	535,572
2015	0	366,900	144,186	180,814	144,186	547,714
2016	0	366,900	132,990	192,010	132,990	558,910
2017	0	366,900	122,831	212,169	122,831	579,069
2018-2022	1,890,000	1,609,000	0	0	1,890,000	1,609,000
2023-2027	2,520,000	1,066,414	0	0	2,520,000	1,066,414
2028-2032	3,375,000	396,337	0	0	3,375,000	396,337
Totals	\$8,095,000	\$4,911,289	\$556,335	\$753,665	\$8,651,335	\$5,664,954

*The amounts above show total accretion at maturity. These amounts will not tie to the table above as amounts have not yet been fully accreted.

The overall debt margin of the School District as of June 30, 2012, was \$9,132,947, with an unvoted debt margin of \$184,818 at June 30, 2012

Note 15 – Interfund Balances and Transfers

During fiscal year 2012, the General Fund made transfers to the Lunchroom Fund in the amount of \$33,500 to subsidize food service operations.

Interfund receivables and payables at June 30, 2012, consist of the following individual balances, representing monies advanced to special revenue funds to be repaid to the General Fund when grant funds are received

	Interfund Receivable	Interfund Payable
General Fund	\$2,350	\$0
EdJobs Fund	0	2,350
Total All Funds	\$2,350	\$2,350

Note 16 - Jointly Governed Organization

The **South Central Ohio Computer Association (SCOCA)** is a jointly governed organization among public school districts within the boundaries of Gallia, Pickaway, Jackson, Vinton, Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with 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 SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. The District paid \$102,419 for services provided during fiscal year 2012. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 17 - Insurance Purchasing Pools

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of directors consisting of school district superintendents and treasurers. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims as well as coordinating reinsurance brokerage for the OSP.

The School District participates in the **Lawrence County Schools Council of Governments Health Benefits Program (Council)**, an insurance purchasing pool. The Council's business and affairs are conducted by a nine member Board of Directors consisting of the superintendents of member school districts and educational service centers.

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

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 acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2012, this is all that continues to be set aside.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

	Budget Stabilization	Capital Acquisition
Set-Aside Balance as of June 30, 2011	\$67,581	\$83,512
Current Year Set-Aside Requirement	0	319,104
Offsets	0	(65,583)
Qualifying Disbursements	0	(30,622)
Prior Year Offset from Bond Proceeds	0	(306,411)
Totals	\$67,581	\$0
Set-Aside Balance Carried Forward to Future Years	\$67,581	\$0
Set-Aside Balance as of June 30, 2012	\$67,581	\$0

The carryover amount in the Capital Acquisition Set-Aside is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$9,701,413 at June 30, 2012.

Note 19 - Contingencies

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

As of June 30, 2012, the School District is not party to any legal proceedings.

Note 20 – Capital Leases – Lessee Disclosure

In prior fiscal years, the School District entered into a capitalized lease for a football stadium. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments have been reclassified from functional expenditures and are reflected as General Fund debt service expenditures in the financial statements. They are presented as current expenditures in the budgetary statements. Capital assets for equipment acquired by governmental activities through capitalized leases were recorded in the amount of \$2,500,000, acquired in 2006 and \$340,000, acquired in 2010 which is equal to the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on the assets is \$403,142 leaving a book value of \$2,436,858. Principal payments in fiscal year 2012 totaled \$389,280 in the governmental funds.

South Point Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Future minimum lease payments for the \$2,500,000 acquisition are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$349,667	\$24,526	\$374,193
2014	365,184	8,795	373,979
Totals	\$714,851	\$33,321	\$748,172

Future minimum lease payments for the \$340,000 acquisition are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$56,402	\$6,487	\$62,889
2014	58,403	4,486	62,889
2015	60,474	2,415	62,889
2016	36,261	423	36,684
Totals	\$211,540	\$13,811	\$225,351

Note 21 – Subsequent Events

On July 13, 2012, the School District issued General Obligation Bonds in the amount of \$7,784,996. The proceeds were used to refund 2004 General Obligations Bonds in the amount of \$8,641,670.

Effective July 1, 2012, the District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCACoG) which is a computer consortium formerly known as South Central Ohio Computer Association. SCOCACoG is a council of governments providing computer services to its members of public school districts within the boundaries of Highland, Adams, Pickaway, Gallia, Pike, Scioto, Brown, Ross, Jackson, Vinton, and Lawrence Counties. SCOCACoG 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.

South Point Local School District
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>United States Department of Agriculture</u>						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$152,392	\$0	\$152,392	\$0
National School Lunch Program	3L60	10.555	430,948	81,955	430,948	81,955
Total Child Nutrition Cluster			583,340	81,955	583,340	81,955
Total United States Department of Agriculture			583,340	81,955	583,340	81,955
<u>United States Department of Education</u>						
<i>Passed through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education-Grants to States	3M20	84.027	407,551	0	395,823	0
Special Education-Grants to States, Recovery Act	3DJ0	84.391	13,420	0	21,159	0
Total Special Education Cluster			420,971	0	416,982	0
Title I Cluster:						
Title I Grants to Local Educational Agencies	3M00	84.010	699,402	0	688,697	0
Title I Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	6,486	0	8,677	0
Total Title I Cluster			705,888	0	697,374	0
Education Jobs	3ET0	84.410	326,724	0	334,773	0
Educational Technology State Grants	3S20	84.318	4,920	0	4,920	0
State Fiscal Stabilization Fund (SFSF)-Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	700	0	700	0
Improving Teacher Quality State Grants	3Y60	84.367	170,293	0	177,887	0
Total United States Department of Education			1,629,496	0	1,632,636	0
Total Federal Financial Assistance			\$2,212,836	\$81,955	\$2,215,976	\$81,955

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

South Point Local School District
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2012

Note 1 – Significant Accounting Policies

The accompanying schedule of federal awards expenditures includes the federal grant activity of the School District and has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Child Nutrition Cluster

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received.

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

Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Point Local School District, Lawrence County, (the School District) as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

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 to be material weaknesses, as defined previously.

Compliance and Other Matters

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

South Point Local School District
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing Standards*
Page 2

We noted certain matters that we reported to management of the School District in a separate letter dated December 27, 2012.

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

A handwritten signature in black ink, reading "Natalie Millhuff-Stang". The signature is written in a cursive, flowing style.

Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

December 27, 2012

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Education
South Point Local School District
302 High Street
South Point, Ohio 45680

Compliance

We have audited South Point Local School District's, Lawrence County, (the School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 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.

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



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

December 27, 2012

South Point Local School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2012

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>		
Type of financial statement opinion:		Unqualified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?		No
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:		Unqualified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		No
Identification of major program(s):		Child Nutrition Cluster (CFDA #10.553 and #10.555) Title I Cluster (CFDA #84.010 and #84.389)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$300,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

This page intentionally left blank.



Dave Yost • Auditor of State

SOUTH POINT LOCAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 21, 2013**