



Dave Yost • Auditor of State



**ALEXANDER LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio, as of June 30, 2011, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund and School Wide Building Program Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditure Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditure Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

December 15, 2011

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*(Unaudited)*

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The discussion and analysis of the Alexander Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- ▶ The net assets of the District at June 30, 2011 is \$6,533,501. This balance was comprised of a \$2,251,249 balance in net asset amounts restricted for specific purposes and a balance of \$4,282,252 in unrestricted net assets.
- ▶ In total, net assets of governmental activities increased by \$121,257, which represents a 1.89 percent increase from 2010.
- ▶ General receipts accounted for \$15,001,920 or 77.47 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$4,362,861 or 22.53 percent of total receipts of \$19,364,781.
- ▶ The District had \$19,243,524 in disbursements related to governmental activities; \$4,362,861 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily taxes and grants and entitlements) of \$15,001,920 were used to provide for the remainder of these programs.
- ▶ The District recognizes four major governmental funds: the General, School Wide Building Program, Bond Retirement and Classroom Facilities Maintenance Funds. In terms of dollars received and spent, the General Fund is larger than any of the other funds of the District. The General Fund had \$15,132,223 in receipts and \$10,985,602 in disbursements in fiscal year 2011.

**Using this Annual Report**

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

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*(Unaudited)*

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**Reporting the District as a Whole**

**Government-Wide Financial Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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



**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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**Governmental Funds**

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

**Fiduciary Fund**

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

**Notes to the Basic Financial Statements**

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

**Government-Wide Financial Analysis**

Recall that the statement of net assets provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the District's net assets for fiscal year 2011 compared to fiscal year 2010:

Table 1  
**Net Assets at Year End**

	<b><u>Governmental Activities</u></b>	
	<u>2011</u>	<u>2010</u>
<b><u>Assets:</u></b>		
Cash and Cash Equivalents	\$6,329,825	\$6,192,923
Restricted Cash	203,676	219,321
<i>Total Assets</i>	<u>\$6,533,501</u>	<u>\$6,412,244</u>
<b><u>Net Assets:</u></b>		
Restricted	\$2,251,249	\$2,718,784
Unrestricted	4,282,252	3,693,460
<i>Total Net Assets</i>	<u>\$6,533,501</u>	<u>\$6,412,244</u>

Cash and cash equivalents increased \$121,257 from fiscal year 2010 due to an increase in operating grants.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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

The remaining balance of \$2,251,249 is restricted net assets. The restricted net assets are subject to external restrictions on how they may be used.

Table 2 shows the changes in net assets for fiscal year 2011 and comparisons to fiscal year 2010.

Table 2  
**Changes in Net Assets**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
<b><u>Receipts:</u></b>		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$1,198,592	\$1,169,589
Operating Grants and Contributions	3,164,269	2,615,982
<i>General Receipts:</i>		
Property Taxes	4,704,294	4,513,324
Unrestricted Grants and Entitlements	10,068,228	10,111,896
Investment Earnings	51,387	59,015
Gain on Sale of Capital Assets	16,327	7,150
Energy Conservation Notes Issued	0	1,225,000
Premium on Notes Issued	0	3,545
Miscellaneous	<u>161,684</u>	<u>54,402</u>
<i>Total Receipts</i>	<u>19,364,781</u>	<u>19,759,903</u>
<b><u>Disbursements:</u></b>		
<i>Program Disbursements:</i>		
<i>Instruction:</i>		
Regular	6,876,239	6,635,622
Special	2,403,049	2,118,054
Vocational	133,209	120,577
Student Intervention Services	8,520	5,913
Other	1,460,823	1,472,922

(Continued)

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

Table 2  
**Changes in Net Assets**

	2011	2010
<i>Support Services:</i>		
Pupils	833,424	931,939
Instructional Staff	700,072	787,570
Board of Education	42,025	60,852
Administration	1,101,114	1,085,059
Fiscal	416,224	393,621
Operation and Maintenance of Plant	1,427,643	1,532,106
Pupil Transportation	1,399,932	1,290,607
Central	178,857	189,660
<i>Operation of Non-Instructional Services:</i>		
Food Service	750,938	657,820
Other	5,539	62,849
Extracurricular Activities	376,174	354,352
Capital Outlay	468,269	898,916
Principal Retirement	379,029	289,029
Interest and Fiscal Charges	282,444	264,416
Issuance Costs	0	41,454
<i>Total Disbursements</i>	<u>19,243,524</u>	<u>19,193,338</u>
<i>Change in Net Assets</i>	121,257	566,565
Net Assets – Beginning of Year	<u>6,412,244</u>	<u>5,845,679</u>
Net Assets – End of Year	<u><u>\$6,533,501</u></u>	<u><u>\$6,412,244</u></u>

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Other Instruction, Operation and Maintenance of Plant, Pupil Transportation, and Administration. These programs account for 76.22 percent of the total governmental activities. Regular Instruction, which accounts for 35.73 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 12.49 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Other Instruction, which represents 7.59 percent of the total, represents costs associated with the instruction of students that cannot be defined as regular, special or vocational instruction. Operation and Maintenance of Plant, which represents 7.42 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Pupil Transportation, which represents 7.27 percent of the total cost, represents costs associated with transporting students to and from school, as well as to activities. Administration, which represents 5.72 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*(Unaudited)*

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As noted previously, the net assets for the governmental activities increased \$121,257 or 1.89 percent. This is a change from last year when net assets increased \$566,565 or 9.69 percent. Total receipts decreased \$395,122 or 2.00 percent from last year and disbursements increased \$50,186 or 0.26 percent over last year.

The District had program receipts increases of \$577,290, and decreases in general receipts of \$972,412. The increase in program receipts is mostly due to the District receiving additional grants during fiscal year 2011. The significant decrease in general receipts is due to the District issuing notes of \$1,225,000 during fiscal year 2010, no such issuances took place in 2011.

The total disbursements for governmental activities increased \$50,186 as the net result of increases to salaries and benefits and decreases due to budget reductions.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 76.29 percent of total receipts.

### **Governmental Activities**

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of receipts growth. Property taxes made up 24.29 percent and intergovernmental receipts made up 68.33 percent of the total receipts for the governmental activities in fiscal year 2011.

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

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2011, the District received \$10,145,335 through the State's foundation program, which represents 52.39 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 56.55 percent of governmental program disbursements. Support services disbursements make up 31.70 percent of governmental disbursements. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2011 and comparisons to fiscal year 2010. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

Table 3  
**Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
<i>Program Disbursements:</i>				
Instruction	\$10,881,840	\$7,667,207	\$10,353,088	\$7,777,826
Support Services	6,099,291	5,703,073	6,271,414	5,748,149
Operation of Non-Instructional Services	756,477	87,900	720,669	139,312
Extracurricular Activities	376,174	292,741	354,352	248,665
Capital Outlay	468,269	468,269	898,916	898,916
Principal Retirement	379,029	379,029	289,029	289,029
Interest and Fiscal Charges	282,444	282,444	264,416	264,416
Issuance Costs	0	0	41,454	41,454
Total Disbursements	<u>\$19,243,524</u>	<u>\$14,880,663</u>	<u>\$19,193,338</u>	<u>\$15,407,767</u>

**The District's Funds**

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$23,739,896 and total disbursements and other financing uses of \$23,618,639.

Total governmental funds fund balance increased by \$121,257. The increase in fund balance for the year was most significant in the General Fund, where an increase of \$571,998 occurred as a result of increased receipts and decreased disbursements during fiscal year 2011. The fund balance in School Wide Building Program Fund decreased \$52,379 due to disbursements exceeding receipts. The Bond Retirement Fund had an increase of \$45,512 in fund balance due to an increase in transfers in the fiscal year. The fund balance in the Classroom Facilities Maintenance Fund increased \$105,360 due to an increase in receipts and a decrease in disbursements for fiscal year 2011.

The District should remain stable in fiscal years 2012 through 2013. However, projections beyond fiscal year 2013 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

**Budget Highlights - General Fund**

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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During the course of fiscal year 2011, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management. The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts were \$14,479,440 representing a \$60,000 decrease from the original budget estimates of \$14,539,440. The final budget reflected a 0.41 percent decrease from the original budgeted amount. This difference was due to the fact that actual funding was less than originally anticipated, therefore receipt estimates were decreased throughout the year. For the General Fund, the final budget basis disbursements were \$11,326,499 representing a \$463,986 increase from the original budget estimates of \$10,862,513.

**Debt Administration**

At June 30, 2011 the District had \$6,293,002 in general obligation debt outstanding with \$384,029 due within one year. Table 4 summarizes loans and bonds outstanding for fiscal year 2011 compared to fiscal year 2010.

Table 4  
**Outstanding Debt, Governmental Activities at Year End**

Purpose	Governmental Activities	
	2011	2010
Asbestos Removal Loan	\$13,488	\$22,517
General Obligation Bonds	2,425,000	2,700,000
Refunding Bonds	2,699,514	2,672,697
Energy Conservation Notes	1,155,000	1,225,000
Total	<u>\$6,293,002</u>	<u>\$6,620,214</u>

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

**Current Issues**

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2011*

*(Unaudited)*

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**State Budget:**

Externally, the District is largely dependent on State and Federal funding sources (nearly 64 percent of the District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen enrollment stay relatively flat in recent years. The severe economic crisis also raises concern as a district that is so reliant on State Revenue.

**Local Valuations:**

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

**Staffing & Negotiated Increases:**

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

**Health Insurance:**

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

**Contacting the District's Financial Management**

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

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**ALEXANDER LOCAL SCHOOL DISTRICT**

*Statement of Net Assets - Cash Basis*

*June 30, 2011*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$6,329,825
<b><i>Restricted Assets:</i></b>	
Equity in Pooled Cash and Cash Equivalents	<u>203,676</u>
<b><i>Total Assets</i></b>	<b><u><u>\$6,533,501</u></u></b>
<b><u>Net Assets:</u></b>	
<b><i>Restricted for:</i></b>	
Capital Projects	\$487,047
Debt Service	1,388,719
Other Purposes	375,483
Unrestricted	<u>4,282,252</u>
<b><i>Total Net Assets</i></b>	<b><u><u>\$6,533,501</u></u></b>

See accompanying notes to the basic financial statements.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2011*

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>				
<i>Instruction:</i>				
Regular	\$6,876,239	\$897,193	\$1,390,827	(\$4,588,219)
Special	2,403,049	0	911,130	(1,491,919)
Vocational	133,209	0	0	(133,209)
Student Intervention Services	8,520	0	0	(8,520)
Other	1,460,823	0	15,483	(1,445,340)
<i>Support Services:</i>				
Pupils	833,424	0	2,127	(831,297)
Instructional Staff	700,072	0	340,644	(359,428)
Board of Education	42,025	0	7,742	(34,283)
Administration	1,101,114	1,549	6,364	(1,093,201)
Fiscal	416,224	0	0	(416,224)
Operation and Maintenance of Plant	1,427,643	0	15,484	(1,412,159)
Pupil Transportation	1,399,932	0	15,483	(1,384,449)
Central	178,857	0	6,825	(172,032)
<i>Operation of Non-Instructional Services:</i>				
Food Service	750,938	218,114	450,463	(82,361)
Other	5,539	0	0	(5,539)
Extracurricular Activities	376,174	81,736	1,697	(292,741)
Capital Outlay	468,269	0	0	(468,269)
<i>Debt Service:</i>				
Principal Retirement	379,029	0	0	(379,029)
Interest and Fiscal Charges	282,444	0	0	(282,444)
<b>Total Governmental Activities</b>	<b>\$19,243,524</b>	<b>\$1,198,592</b>	<b>\$3,164,269</b>	<b>(14,880,663)</b>
 <b><u>General Receipts:</u></b>				
<i>Property Taxes Levied for:</i>				
General Purposes				4,099,326
Debt Service				536,282
Capital Outlay				68,686
Grants and Entitlements not Restricted to Specific Programs				10,068,228
Investment Earnings				51,387
Proceeds from Sale of Capital Assets				16,327
Miscellaneous				161,684
<b>Total General Receipts</b>				<b>15,001,920</b>
Change in Net Assets				121,257
<i>Net Assets at Beginning of Year</i>				6,412,244
<i>Net Assets at End of Year</i>				<b>\$6,533,501</b>

See accompanying notes to the basic financial statements.

**ALEXANDER LOCAL SCHOOL DISTRICT**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	School Wide Building Program	Bond Retirement	Classroom Facilities Maintenance	All Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$3,623,779	\$0	\$1,388,719	\$841,767	\$475,560	\$6,329,825
Due From Other Funds	368,018	0	0	0	0	368,018
<b><u>Restricted Assets:</u></b>						
Equity in Pooled Cash and Cash Equivalents	203,676	0	0	0	0	203,676
<b><i>Total Assets</i></b>	<b><u>\$4,195,473</u></b>	<b><u>\$0</u></b>	<b><u>\$1,388,719</u></b>	<b><u>\$841,767</u></b>	<b><u>\$475,560</u></b>	<b><u>\$6,901,519</u></b>
<b><u>Liabilities:</u></b>						
Due to Other Funds	\$0	\$368,018	\$0	\$0	\$0	\$368,018
<b><i>Total Liabilities</i></b>	<b><u>0</u></b>	<b><u>368,018</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>368,018</u></b>
<b><u>Fund Balances:</u></b>						
Restricted	203,676	0	1,388,719	841,767	603,352	3,037,514
Committed	0	0	0	0	51,380	51,380
Assigned	22,703	0	0	0	35,399	58,102
Unassigned	3,969,094	(368,018)	0	0	(214,571)	3,386,505
<b><i>Total Fund Balances</i></b>	<b><u>4,195,473</u></b>	<b><u>(368,018)</u></b>	<b><u>1,388,719</u></b>	<b><u>841,767</u></b>	<b><u>475,560</u></b>	<b><u>6,533,501</u></b>
<b><i>Total Liabilities and Fund Balances</i></b>	<b><u>\$4,195,473</u></b>	<b><u>\$0</u></b>	<b><u>\$1,388,719</u></b>	<b><u>\$841,767</u></b>	<b><u>\$475,560</u></b>	<b><u>6,901,519</u></b>

See accompanying notes to the basic financial statements and accountant's report.

**ALEXANDER LOCAL SCHOOL DISTRICT**  
*Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2011

	General	School Wide Building Program	Bond Retirement	Classroom Facilities Maintenance	All Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>						
Property Taxes	\$4,099,326	\$0	\$536,282	\$68,686	\$0	\$4,704,294
Intergovernmental	9,945,760	0	71,001	51,467	3,161,208	13,229,436
Interest	50,433	0	249	0	705	51,387
Tuition and Fees	892,689	0	0	0	4,504	897,193
Rent	925	0	0	0	0	925
Extracurricular Activities	0	0	0	0	83,285	83,285
Charges for Services	0	0	0	0	218,114	218,114
Gifts and Donations	1,305	0	0	0	3,061	4,366
Miscellaneous	141,785	0	0	0	17,669	159,454
<b>Total Receipts</b>	<b>15,132,223</b>	<b>0</b>	<b>607,532</b>	<b>120,153</b>	<b>3,488,546</b>	<b>19,348,454</b>
<b><u>Disbursements:</u></b>						
<b><u>Current:</u></b>						
<b><u>Instruction:</u></b>						
Regular	2,970,587	2,742,211	0	0	1,163,441	6,876,239
Special	1,017,351	862,523	0	0	523,175	2,403,049
Vocational	133,209	0	0	0	0	133,209
Student Intervention Services	8,520	0	0	0	0	8,520
Other	1,445,173	0	0	0	15,650	1,460,823
<b><u>Support Services:</u></b>						
Pupils	696,406	126,061	0	0	10,957	833,424
Instructional Staff	239,454	186,614	0	0	274,004	700,072
Board of Education	34,796	0	0	0	7,229	42,025
Administration	829,043	263,855	1,694	197	6,325	1,101,114
Fiscal	399,267	0	15,083	1,874	0	416,224
Operation and Maintenance of Plant	1,397,798	0	0	12,722	17,123	1,427,643
Pupil Transportation	1,386,141	0	0	0	13,791	1,399,932
Central	172,032	0	0	0	6,825	178,857
Operation of Non-Instructional Services	5,539	0	0	0	750,938	756,477
Extracurricular Activities	233,071	0	0	0	143,103	376,174
Capital Outlay	17,215	0	0	0	451,054	468,269
<b><u>Debt Service:</u></b>						
Principal Retirement	0	0	379,029	0	0	379,029
Interest and Fiscal Charges	0	0	282,444	0	0	282,444
<b>Total Disbursements</b>	<b>10,985,602</b>	<b>4,181,264</b>	<b>678,250</b>	<b>14,793</b>	<b>3,383,615</b>	<b>19,243,524</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>4,146,621</b>	<b>(4,181,264)</b>	<b>(70,718)</b>	<b>105,360</b>	<b>104,931</b>	<b>104,930</b>
<b><u>Other Financing Sources (Uses):</u></b>						
Proceeds from Sale of Capital Assets	16,327	0	0	0	0	16,327
Transfers In	0	4,128,885	116,230	0	130,000	4,375,115
Transfers Out	(3,590,950)	0	0	0	(784,165)	(4,375,115)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,574,623)</b>	<b>4,128,885</b>	<b>116,230</b>	<b>0</b>	<b>(654,165)</b>	<b>16,327</b>
<b>Net Change in Fund Balances</b>	<b>571,998</b>	<b>(52,379)</b>	<b>45,512</b>	<b>105,360</b>	<b>(549,234)</b>	<b>121,257</b>
<b>Fund Balances at Beginning of Year</b>	<b>3,623,475</b>	<b>(315,639)</b>	<b>1,343,207</b>	<b>736,407</b>	<b>1,024,794</b>	<b>6,412,244</b>
<b>Fund Balances at End of Year</b>	<b>\$4,195,473</b>	<b>(\$368,018)</b>	<b>\$1,388,719</b>	<b>\$841,767</b>	<b>\$475,560</b>	<b>\$6,533,501</b>

See accompanying notes to the basic financial statements.

**ALEXANDER LOCAL SCHOOL DISTRICT**  
*Statement of Cash Receipts, Cash Disbursements and Changes  
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$3,928,120	\$3,683,120	\$4,099,326	\$416,206
Intergovernmental	9,673,670	9,848,670	9,945,760	97,090
Interest	60,000	60,000	50,433	(9,567)
Tuition and Fees	847,600	857,600	892,689	35,089
Rent	0	0	925	925
Gifts and Donations	150	150	1,305	1,155
Miscellaneous	29,900	29,900	141,785	111,885
<i>Total Receipts</i>	14,539,440	14,479,440	15,132,223	652,783
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	3,433,531	3,503,531	2,971,511	532,020
Special	928,228	928,228	1,019,961	(91,733)
Vocational	126,134	126,134	133,209	(7,075)
Student Intervention Services	15,761	15,761	8,520	7,241
Other	1,437,000	1,437,000	1,445,173	(8,173)
<i>Support Services:</i>				
Pupils	655,545	680,545	700,336	(19,791)
Instructional Staff	202,408	226,408	244,586	(18,178)
Board of Education	56,077	56,077	34,796	21,281
Administration	842,278	842,278	829,593	12,685
Fiscal	389,495	389,495	401,457	(11,962)
Operation and Maintenance of Plant	1,061,017	1,391,017	1,412,355	(21,338)
Pupil Transportation	1,283,964	1,313,964	1,386,141	(72,177)
Central	193,259	169,259	174,967	(5,708)
Operation of Non-Instructional Services	15,200	15,200	5,589	9,611
Extracurricular Activities	222,616	222,616	233,071	(10,455)
Capital Outlay	0	8,986	24,805	(15,819)
<i>Total Disbursements</i>	10,862,513	11,326,499	11,026,070	300,429
<i>Excess of Receipts Over (Under) Disbursements</i>	3,676,927	3,152,941	4,106,153	953,212
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	5,000	15,000	16,327	1,327
Advances In	20,000	20,000	0	(20,000)
Advances Out	(20,000)	(20,000)	0	20,000
Transfers Out	(3,464,228)	(3,571,084)	(3,590,950)	(19,866)
<i>Total Other Financing Sources (Uses)</i>	(3,459,228)	(3,556,084)	(3,574,623)	(18,539)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	217,699	(403,143)	531,530	934,673
Fund Balance at Beginning of Year	3,466,961	3,466,961	3,466,961	0
Prior Year Encumbrances Appropriated	156,519	156,519	156,519	0
Fund Balance at End of Year	\$3,841,179	\$3,220,337	\$4,155,010	\$934,673

See accompanying notes to the basic financial statements.

**ALEXANDER LOCAL SCHOOL DISTRICT**  
*Statement of Cash Receipts, Cash Disbursements, and Changes  
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
School Wide Building Program Fund  
For the Fiscal Year Ended June 30, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Receipts</u></b>	\$0	\$0	\$0	\$0
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	2,626,717	3,319,392	2,743,207	576,185
Special	801,529	796,606	862,523	(65,917)
<i>Support Services:</i>				
Pupils	138,257	135,622	126,061	9,561
Instructional Staff	193,024	252,287	186,614	65,673
Administration	246,199	272,055	263,855	8,200
<i>Total Expenditures</i>	<u>4,005,726</u>	<u>4,775,962</u>	<u>4,182,260</u>	<u>593,702</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,005,726)</u>	<u>(4,775,962)</u>	<u>(4,182,260)</u>	<u>593,702</u>
<b><u>Other Financing Sources and Uses:</u></b>				
Transfers In	4,317,785	5,091,603	4,128,885	(962,718)
<i>Total Other Financing Sources (Uses)</i>	<u>4,317,785</u>	<u>5,091,603</u>	<u>4,128,885</u>	<u>(962,718)</u>
Net Change in Fund Balances	312,059	315,641	(53,375)	(369,016)
<i>Fund Balance at Beginning of Year</i>	<u>(315,639)</u>	<u>(315,639)</u>	<u>(315,639)</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>(\$3,580)</u>	<u>\$2</u>	<u>(\$369,014)</u>	<u>(\$369,016)</u>

See accompanying notes to the basic financial statements and accountant's report.

**ALEXANDER LOCAL SCHOOL DISTRICT**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2011*

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	<u>Agency</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$88,257</u>
<i>Total Assets</i>	<u>88,257</u>
<b><u>Liabilities:</u></b>	
Undistributed Monies	29,187
Due to Students	<u>59,070</u>
<i>Total Liabilities</i>	<u><u>\$88,257</u></u>

See accompanying notes to the basic financial statements.

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**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

Alexander Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's facilities staffed by 84 classified and 117 teaching personnel and 8 administrative employees providing education to approximately 1,628 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 District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities.

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

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

The District is associated with six organizations, four of which are defined as jointly governed organizations, one as an affiliated organization and one as a group purchasing pool. These organizations are the Southeastern Ohio Voluntary Education Cooperative, the Southeastern Ohio Special Education Regional Resource Center, the Tri-County Career Center, the Athens County School Employees Health and Welfare Benefit Association, the Alexander Future Foundation and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

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

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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

The following are the District's major governmental funds:

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

**School Wide Building Program Fund** - This fund is used to pool Federal, State and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families.

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

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

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

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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

**D. Basis of Accounting**

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

**E. Cash and Cash Equivalents**

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2011 amounted to \$50,433, which includes \$21,198 assigned from other District funds.

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

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Compensated Absences**

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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

***J. Long-term Obligations***

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

***K. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide statement of net assets reports \$2,251,249 of restricted net assets, of which none is restricted by enabling legislation.

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

***L. Fund Balance Reserves***

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, textbooks and instructional material.

The reserves for textbooks and instructional materials represents money required to be set-aside by statute and are explained in more detail in Note 14.

***M. Interfund Transactions***

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

***N. Budgetary Process***

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

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

**NOTE 3 - NEW GASB PRONOUNCEMENTS**

For fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB No. 59, "Financial Instruments Omnibus". The implementation of GASB Statement No. 54 and 59 had no effect on the prior period fund balances of the District.

**NOTE 4 - BUDGETARY BASIS FUND BALANCES**

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

	<u>General Fund</u>
Budgetary Basis Fund Balances	\$4,155,010
Encumbrances	<u>40,463</u>
Fund Cash Balances	<u><u>\$4,195,473</u></u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim moneys. Interim 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.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio or Ohio local governments;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasurer's investment pool (STAROhio);

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 5 - DEPOSITS AND INVESTMENTS** - (Continued)

- (7) Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
- (8) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

At June 30, 2011, the carrying amount of all District deposits was \$6,621,758. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2011, \$6,571,467 of the District's bank balance of \$6,821,467 was exposed to custodial risk as discussed above while \$250,000 was covered by Federal Deposit Insurance. The \$6,571,467 exposed to custodial risk was collateralized with securities held by the District or its agency in the District's name.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.



**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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

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

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

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

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$151,355,070	80.63%	\$153,831,190	80.69%
Public Utility Personal	36,360,750	19.37%	36,816,020	19.31%
Total Assessed Value	<u>\$187,715,820</u>	<u>100.00%</u>	<u>\$190,647,210</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$37.47		\$37.47

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 7 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the District contracted with Ohio School Plan for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverages provided are as follows:

Building and Contents - replacement cost (\$5,000 deductible)	\$45,444,787
Inland Marine Coverage	50,000
Musical Instruments	158,216
Automobile Liability - Single Limit	2,000,000
Uninsured Motorists :	
Per Person	1,000,000
Per Accident	1,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Public Official Bonds:	
Treasurer	20,000
Superintendent/Board President (each)	20,000

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

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), a group purchasing pool (Note 18). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement Inc., provides administrative, cost control and actuarial services to the Plan.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.81 percent of annual covered salary was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for members and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$411,471, \$268,717, and \$215,852, respectively; 52.51 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

**State Teachers Retirement System**

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

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$986,294, \$838,909, and \$876,162, respectively; 84.40 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

**Social Security System**

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

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**School Employee Retirement System**

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 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 9 - POSTEMPLOYMENT BENEFITS** - (Continued)

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, 2011, 2010, and 2009 were \$76,390, \$57,725 and \$143,641, respectively; 100 percent has been contributed for fiscal year 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$3,127, \$2,237 and \$2,493, respectively; which equaled the required contributions each year.

**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](http://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, 2011, 2010, and 2009 were \$70,450, \$64,531, and \$67,397, respectively; 100 percent for fiscal years 2011, 2010 and 2009.

**NOTE 10 - EMPLOYEE BENEFITS**

**Health Care Benefits**

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employee Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. See Note 16 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

**NOTE 11 - LONG-TERM OBLIGATIONS**

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

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2010	Additions	Deductions	Principal Outstanding at June 30, 2011	Amount Due In One Year
<i>Governmental Activities:</i>							
Asbestos Removal Loan	1995	N/A	\$22,517	\$0	\$9,029	\$13,488	\$9,029
General Obligation Bonds	2001	3.50 - 5.60%	2,700,000	0	275,000	2,425,000	285,000
Refunding Bonds		4.00 -					
Term Bonds	2007	4.25%	2,510,000	0	25,000	2,485,000	25,000
Capital Appreciation Bonds			74,997	0	0	74,997	0
Accretion on Capital Appreciation Bonds			87,700	51,817	0	139,517	0
Energy Conservation Notes	2010	3.71 - 4.18%	1,225,000	0	70,000	1,155,000	65,000
<b>Total Governmental Activities Long-Term Obligations</b>			<b>\$6,620,214</b>	<b>\$51,817</b>	<b>\$379,029</b>	<b>\$6,293,002</b>	<b>\$384,029</b>

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

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

The capital appreciation bonds are not subject to a mandatory sinking fund or optional redemption prior to stated maturity. The capital appreciation bonds will mature in fiscal year 2013. The maturity amount of the bonds is \$325,000. For fiscal year 2011, \$51,817 was accreted on the capital appreciation bonds.

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

The District's voted legal debt margin was \$10,865,247 with an unvoted debt margin of \$190,647 at June 30, 2011.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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

Principal requirements to retire the asbestos removal loan at June 30, 2011 are as follows:

Year Ending June 30	Principal
2012	\$9,029
2013	4,459
Total	\$13,488

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

Year Ending June 30	General Obligation Bonds		Refunding Bonds		
	Principal	Interest	Term Bonds Principal	Capital Appreciation Bonds Principal	Interest
2012	\$285,000	\$126,466	\$25,000	\$0	\$103,175
2013	0	119,840	0	325,000	102,675
2014	310,000	111,160	10,000	0	102,475
2015	330,000	93,240	10,000	0	102,075
2016	345,000	74,340	10,000	0	101,675
2017-2021	1,155,000	99,260	950,000	0	464,887
2022-2024	0	0	1,480,000	0	96,050
Total	\$2,425,000	\$624,306	\$2,485,000	\$325,000	\$1,073,012

Year Ending June 30	Energy Conservation Notes		Totals	
	Principal	Interest	Principal	Interest
2012	\$65,000	\$38,045	\$375,000	\$267,686
2013	65,000	37,070	390,000	259,585
2014	70,000	35,742	390,000	249,377
2015	75,000	35,002	415,000	230,317
2016	75,000	32,203	430,000	208,218
2017-2021	420,000	120,201	2,525,000	684,348
2022-2025	385,000	33,240	1,865,000	129,290
Total	\$1,155,000	\$331,503	\$6,390,000	\$2,028,821

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 12 – FUND BALANCES**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.



**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

**NOTE 12 – FUND BALANCES** –(Continued)

As of June 30, 2011, fund balances are composed of the following:

	<u>General</u>	<u>School Wide Building Program</u>	<u>Bond Retirement</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Restricted:</i>						
Set Asides	\$203,676	\$0	\$0	\$0	\$0	\$203,676
<i>Special Revenues:</i>						
Facilities Maintenance	0	0	0	841,767	0	841,767
Local Grants	0	0	0	0	4,427	4,427
Federal Grants	0	0	0	0	111,878	111,878
Debt Service	0	0	1,388,719	0	0	1,388,719
Capital Projects	0	0	0	0	487,047	487,047
<i>Committed:</i>						
Food Services	0	0	0	0	42,125	42,125
Athletics/Band	0	0	0	0	9,255	9,255
<i>Assigned:</i>						
Encumbrances	22,703	0	0	0	0	22,703
Uniform School Supplies	0	0	0	0	10,761	10,761
Public School Support	0	0	0	0	24,638	24,638
<i>Unassigned</i>	<u>3,969,094</u>	<u>(368,018)</u>	<u>0</u>	<u>0</u>	<u>(214,571)</u>	<u>3,386,505</u>
Total Fund Balances	<u>\$4,195,473</u>	<u>(\$368,018)</u>	<u>\$1,388,719</u>	<u>\$841,767</u>	<u>\$475,560</u>	<u>\$6,533,501</u>

**NOTE 13 - INTERFUND ACTIVITY**

During fiscal year 2011, interfund transfers were as follows:

	Transfers To			
<u>Transfers From</u>	<u>School Wide Building Program</u>	<u>Bond Retirement</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
General	\$3,344,720	\$116,230	\$130,000	\$3,590,950
Nonmajor Special Revenue	784,165	0	0	784,165
Total	<u>4,128,885</u>	<u>116,230</u>	<u>\$130,000</u>	<u>\$4,375,115</u>

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

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 14 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2011:

	Textbooks	Capital Improvements	Totals
Set-Aside Balance as of July 1, 2011	\$219,321	\$0	\$219,321
Current Year Set-Aside Requirement	227,580	227,580	455,160
Current Year Offset	0	(68,686)	(68,686)
Qualifying Disbursements	(243,225)	(568,239)	(811,464)
Total	203,676	(409,345)	(205,669)
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$203,676</u>	<u>(\$409,345)</u>	
Set-Aside Reserve Balance as of June 30, 2011	<u>\$203,676</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$203,676</u>

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

**NOTE 15 - ENCUMBRANCE COMMITMENTS**

At June 30, 2011, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$40,463
<u>Nonmajor Funds</u>	
Food Service	733
Classroom Facilities Maintenance	11,393
Athletics and Bands	1,446
Title I Grant	1,429
Schoolwide Building Program	996
Title VI-R Grant	14,805
<i>Total Nonmajor Funds</i>	<u>30,802</u>
Total Encumbrances	<u>\$45,616</u>

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**Southeastern Ohio Voluntary Education Cooperative**

The Southeast Ohio Voluntary Education Cooperative (SEOVEC), is a jointly governed organization created as a regional council of governments pursuant to State statutes. SEOVEC has 28 participants consisting of 25 school districts and 3 educational service centers. SEOVEC provides financial accounting services, educational management information, and cooperative purchasing services to member districts. Each member district pays a fee annually for services provided by SEOVEC. SEOVEC is governed by a governing board which is selected by the member districts. Each district has one vote in all matters, and each member of the district's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the governing board. Athens-Meigs Educational Service Center of Athens County serves as the fiscal agent. The continued existence of SEOVEC is not dependent on the District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. Financial statements for SEOVEC can be obtained from the Southeast Ohio Voluntary Educational Consortium, 221 North Columbus Road, Athens, Ohio 45701. The District paid SEOVEC \$36,067 in fiscal year 2011.

**Southeastern Ohio Special Education Regional Resource Center**

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

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

**Tri-County Career Center**

The Tri-County Career Center is a jointly governed organization providing vocational services to its eight member districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating districts. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2011, the District made no contributions to the Career Center. Financial information can be obtained from the Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

**ALEXANDER LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS** - (Continued)

**Athens County School Employee Health and Welfare Benefit Association**

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

**NOTE 17 - AFFILIATED ORGANIZATION**

**Alexander Future Foundation**

The District is affiliated with the Alexander Future Foundation to provide educational support to students of the Alexander Local School District. The Foundation is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a board of trustees which consists of not more than twenty nor less than twelve members. The District's Superintendent and Treasurer and the PTO representative are continuous members of the Board; however, the other members must be elected. One is elected from the faculty or staff members of the District and the remainder is elected from members of the District's Community. The District paid \$2,174 to the Alexander Future Foundation in 2011.

**NOTE 18 - GROUP PURCHASING POOL**

**Ohio School Boards Association Worker's Compensation Group Rating Plan**

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

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

**NOTE 19 - CONTINGENCIES**

**Grants**

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

**ALEXANDER LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	\$ 17,949	\$ 17,949
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	110,154	110,154
National School Lunch Program	2010/2011	10.555	330,957	330,957
Cash Assistance Subtotal			<u>441,111</u>	<u>441,111</u>
Total Child Nutrition Cluster			<u>459,060</u>	<u>459,060</u>
Total U.S. Department of Agriculture			459,060	459,060
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2010 2011	84.010	123,459 <u>428,669</u>	111,760 <u>531,899</u>
Total Title I Grants to Local Educational Agencies			552,128	643,659
ARRA - Title I Grants to Local Educational Agencies	2010 2011	84.389	17,670 <u>172,579</u>	13,780 <u>192,832</u>
Total ARRA - Title I Grants to Local Educational Agencies			<u>190,249</u>	<u>206,612</u>
Total Title I Cluster			742,377	850,271
Special Education Cluster:				
Special Education - Grants to States	2010 2011	84.027	84,140 <u>280,441</u>	65,102 <u>309,901</u>
Total Special Education - Grants to States			364,581	375,003
Special Education - Preschool Grants	2010 2011	84.173	3,880 <u>8,710</u>	2,914 <u>9,686</u>
Total Special Education - Preschool Grants			12,590	12,600
ARRA - Special Education - Grants to States	2010 2011	84.391	77,964 <u>177,753</u>	26,298 <u>191,229</u>
Total ARRA - Special Education - Grants to States			<u>255,717</u>	<u>217,527</u>
ARRA - Special Education - Preschool Grants	2011	84.392	<u>593</u>	<u>1,102</u>
Total Special Education Cluster			633,481	606,232
Safe and Drug-Free Schools and Communities - State Grants	2010 2011	84.186	2,121 <u>4</u>	1,593 <u>5</u>
Total Safe and Drug-Free Schools and Communities - State Grants			2,125	1,598
Education Technology State Grants	2010 2011	84.318	982 <u>1,253</u>	737 <u>1,345</u>
Total Education Technology State Grants			2,235	2,082
Reading First State Grants	2010 2011	84.357	203,798 <u>183,221</u>	205,283 <u>218,437</u>
Total Reading First State Grants			<u>387,019</u>	<u>423,720</u>
Rural Education	2010 2011	84.358	18,970 <u>26,723</u>	14,244 <u>29,717</u>
Total Rural Education			45,693	43,961
Improving Teacher Quality State Grants	2010 2011	84.367	31,257 <u>75,065</u>	24,962 <u>83,428</u>
Total Improving Teacher Quality State Grants			106,322	108,390
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010 2011	84.394	- <u>774,171</u>	85,979 <u>662,897</u>
Total ARRA - State Fiscal Stabilization Fund - Education State Grants			<u>774,171</u>	<u>748,876</u>
Total U.S. Department of Education			<u>2,693,423</u>	<u>2,785,130</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 3,152,483</u></b>	<b><u>\$ 3,244,190</u></b>

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

**ALEXANDER LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2011, wherein we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles and adopted the provisions of Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2011-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 15, 2011.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



**Dave Yost**  
Auditor of State

December 15, 2011





# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of the Alexander Local School District, Athens County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

As described in Finding 2011-02 in the accompanying Schedule of Findings, the District did not comply with requirements regarding Cash Management applicable to its State Fiscal Stabilization Fund major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

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

### **Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2011-02 to be a material weakness.

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

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

This Independent Accountants' Report On Compliance With Requirements Applicable To Each Major Federal Program And On Internal Control Over Compliance in Accordance With OMB Circular A-133 (the Report) replaces the Report for the District's fiscal year ended June 30, 2011, previously dated December 15, 2011. You should rely on this report rather than on our report dated December 15, 2011. The Report now includes a qualified opinion over compliance with requirements regarding Cash Management applicable to its State Fiscal Stabilization Fund major federal program. Additionally, the accompanying Schedule of Findings (the Schedule) replaces the Schedule for the District's fiscal year ended June 30, 2011, previously issued with our report dated December 15, 2011. The Schedule now reflects Finding 2011-002 as a material weakness rather than the significant deficiency previously reported in our report dated December 15, 2011.



**Dave Yost**  
Auditor of State

December 15, 2011, except for the qualified opinion over compliance with requirements regarding Cash Management applicable to its State Fiscal Stabilization Fund major federal program described above and Finding 2011-002, for which the date is February 7, 2012.

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**ALEXANDER LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified - Title I Cluster CFDA #'s 84.010 and 84.389 and Special Education Cluster CFDA #'s 84.027, 84.173 and 84.391  Qualified - State Fiscal Stabilization Fund – Education State Grants CFDA #84.394
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I Cluster CFDA #'s 84.010 and 84.389  Special Education Cluster CFDA #'s 84.027, 84.173, 84.391 and 84.392  State Fiscal Stabilization Fund – Education State Grants CFDA #84.394
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**ALEXANDER LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011  
(Continued)**

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

**FINDING NUMBER 2011-001**

**Noncompliance Citation**

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

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

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

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

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2011-002
<b>CFDA Title and Number</b>	ARRA- State Fiscal Stabilization Fund – Education State Grants CFDA #84.394
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance Citation and Material Weakness – Cash Management**

34 C.F.R 80.20 (b)(7) states in part that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

ALEXANDER LOCAL SCHOOL DISTRICT  
ATHENS COUNTY

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

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2011-002 (Continued)**

**Noncompliance Citation and Material Weakness – Cash Management (Continued)**

The District received State Fiscal stabilization Funds through the Ohio Department of Education Foundation Program. Foundation payments were sent automatically to the District on a bi-monthly basis. The District must spend advances within 30 days or by the end of the month, whichever occurs first.

The District did not expend State Fiscal Stabilization funds by the required 30 days for 23 of the 24 advances received in fiscal year 2011, which can lead to excessive interest and questioned costs.

While imputed interest was not excessive, we note that failure to timely expend funds can result in excessive interest earned and questioned costs.

We recommend the District Treasurer review fund balances periodically to ensure that all federal receipts are expended within the required period.

**Officials' Response and Corrective Action Plan:** Teachers were paid over a 12-month period beginning in August 2010 and ending in August 2011. The revenues were distributed beginning in July 2010 automatically. This is not typical of how federal funds usually operate. Also, the SFSF allocations would also change throughout the year which also contributed to this oversight. However, all expenditures from the SFSF fund were qualified expenditures.

ALEXANDER LOCAL SCHOOL DISTRICT  
ATHENS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315(b)  
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2010-001	Ohio Admin. Code Section 117-2-03 since the District does not file its annual financial report pursuant to generally accepted accounting principles.	No	Not Corrected: Repeated in the current Schedule of Findings as 2011-001.





# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on April 21, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

December 15, 2011

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# Dave Yost • Auditor of State

**ALEXANDER LOCAL SCHOOL DISTRICT**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 21, 2012**