

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2011



Dave Yost • Auditor of State

Board of Education
Ansonia Local School District
P. O. Box 279
Ansonia, Ohio 45303

We have reviewed the *Independent Auditors' Report* of the Ansonia Local School District, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 21, 2012

ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 9
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets - Cash Basis	11
Statement of Activities - Cash Basis	12
Fund Financial Statements	
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds	13
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds	14
Statement of Receipts, Disbursements and Changes in Fund Cash Balance - Budget (Non-GAAP) and Actual - General Fund	15
Statement of Fiduciary Net Assets - Cash Basis - Fiduciary Funds	16
Notes to the Basic Financial Statements	18 - 39
Schedule of Federal Award Receipts and Expenditures	40
Notes to the Schedule of Federal Award Receipts and Expenditures	41
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Required by <i>Government Auditing Standards</i>	42-43
Independent Auditors' Report on Compliance with Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance in Accordance with OMB Circular A-133	44-45
Schedule of Findings	46-48
Schedule of Prior Audit Findings	49
Independent Auditors' Report on Applying Agreed Upon Procedures	51

This page intentionally left blank.

Manning & Associates Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

Ansonia Local School District
Darke County
PO Box 279
Ansonia, Ohio 45303

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 Ansonia Local School District, Darke County, (the School 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 Ansonia Local School District, Darke County, as of June 30, 2011, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, during the year ended June 30, 2011, the 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 28, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards 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 also 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

December 28, 2011

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

This discussion and analysis of the Ansonia Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Key highlights for fiscal year 2011 are as follows:

- Total net assets were \$1,286,972. For fiscal year 2011 net assets decreased \$77,901 or approximately 6 percent from the previous year.
- The General Fund cash fund balance decreased by \$70,829 due to increased expenses from the CNG bus project. The School District is responsible for 50% of the cost of the project which is approximately \$250,000. The project converts current buses to natural gas.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for the School District's programs. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other non-financial factors as well such as the School District's property tax base, the condition of the School District's capital assets and infrastructure, extent of the School District's debt obligations, reliance on non-local financial resources for operations and need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to; instruction, support services, pupil transportation, debt service, food services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds – not the District as a whole. The School District establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The fund financial statements provide a detailed view of the School District's operations and the basic services it provides. Fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's activities. The School District's significant funds are presented on the financial statements in separate columns. Information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General and the Bond Retirement Funds.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported on a cash basis. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

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

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Reporting the School District's Most Significant Funds, (Continued)

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the School District's programs. The School District's fiduciary funds are all agency funds. Agency funds are custodial in nature (assets equal net assets – cash basis) and do not involve a measurement of results of operations. Fiduciary funds use the cash basis of accounting.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010 on a cash basis:

	Table 1 Net Assets	
	Governmental Activities	
	FY 2011	FY 2010
Assets		
Equity in Pooled Cash, Cash Equivalents and Investments	\$1,286,972	\$1,364,873
Total Assets	1,286,972	1,364,873
Net Assets		
Restricted for:		
Debt Service	281,578	282,390
Capital Outlay	111,060	82,713
Other Purposes	240,321	409,243
Unrestricted	654,013	590,527
Total Net Assets	\$1,286,972	\$1,364,873

Total net assets decreased \$77,901 or 6.05 percent during fiscal year. Net assets restricted for other purposes decreased \$168,922 or during fiscal year 2011 due mostly to a decrease in the required set-asides for textbooks and bus purchases, as well as a decrease in cash balances of several funds.

Table 2 reflects the changes in net assets in fiscal year 2011 and a comparative balance to fiscal year 2010.

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

(Table 2)

Changes in Net Assets

	Governmental Activities	
	FY 2011	FY 2010
Receipts:		
<i>Program Receipts:</i>		
Charges for Services	\$1,109,741	\$990,581
Operating Grants and Contributions	1,119,801	901,974
Total Program Receipts	<u>2,229,542</u>	<u>1,892,555</u>
<i>General Receipts:</i>		
Property and Other Local Taxes	1,279,593	1,272,044
Income Taxes	458,793	385,038
Grants and Entitlements Not		
Restricted to Specific Programs	3,687,310	3,670,631
Earnings on Investments	6,385	7,386
Miscellaneous	15,249	8,311
Premium on refunding Bond Issued	0	144,854
Refunding Bonds Issued	0	1,394,999
Total General Receipts	<u>5,447,330</u>	<u>6,883,263</u>
Total Receipts	<u>7,676,872</u>	<u>8,775,818</u>
<i>Program Disbursements:</i>		
<i>Instruction:</i>		
Regular	2,729,039	2,757,007
Special	967,772	871,594
Vocational	274,801	210,620
Other	305,306	280,201
<i>Support Services:</i>		
Pupil	382,258	400,329
Instructional Staff	366,870	333,059
Board of Education	46,127	53,611
Administration	589,519	567,336
Fiscal	132,549	153,410
Business	848	933
Operation and Maintenance of Plant	554,350	553,452
Pupil Transportation	641,948	406,654
Central	15,971	23,656
Operation of Non-instructional Services	285,299	278,757
Extracurricular Activities	254,625	216,506
Debt Service: Principal	165,000	115,000
Payment to Refunded Bond Escrow Agent	42,491	1,497,973
Interest	0	46,940
Issuance Costs	0	41,880
Total Disbursements	<u>7,754,773</u>	<u>8,808,918</u>
Increase (Decrease) in Net Assets	(77,901)	(33,100)
Net Assets, January 1	1,364,873	1,397,973
Net Assets, December 31	<u>\$1,286,972</u>	<u>\$1,364,873</u>

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Governmental Activities

General receipts of \$5,547,330 are primarily made up of unrestricted grants and entitlements which accounted for about 48 percent of the total cash received during the year. Property and income taxes accounted for 23 percent of receipts. Program cash receipts of \$2,229,542, which are represented by charges for services and operating grants, contributions and interest accounted for 29 percent each of total receipts. The other one percent of receipts were for interest and miscellaneous receipts.

Instruction accounted for approximately 55.2 percent of total cash disbursements for fiscal year 2011, with Regular Instruction making up the largest share at about 35.2 percent of total disbursements. Special Instruction disbursements increased during fiscal year 2011 due to increases in federal grant money for special education. Vocational Instruction disbursements increased due to the purchase of additional equipment. Board of education, administration, fiscal and business disbursements accounted for another 9.9 percent of disbursements. Pupil and instructional staff support services accounted another 9.7 percent of total disbursements. Pupil transportation accounted for about 8.3 percent of total disbursements. Pupil transportation increased due to converting four buses to operate solely on CNG. Operation and maintenance of plant disbursements were about 7.1 percent of total disbursements. Operation of non-instructional services, which includes food services costs, accounted for 3.7 percent of total disbursements and Extracurricular Activities accounted for about 3.3 percent of total disbursements.

Statement of Activities

If you look at the Statement of Activities, you will see that the first column lists the major activities of the School District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identify, in general, the source of the receipts. The amounts are either paid by people who are directly charged for the service or grants and contributions received by the School District that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3, along with the same information for fiscal year 2010. That is, it identifies the cost of these services supported by taxes, unrestricted State entitlements and investment earnings.

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

(Table 3)
Governmental Activities

	FY 11		FY 010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:				
Regular	\$2,729,039	\$1,949,164	\$2,757,007	\$2,061,571
Special	967,772	669,224	871,594	517,453
Vocational	274,801	210,886	210,620	139,165
Other	305,306	305,306	280,201	280,201
Support Services:				
Pupil	382,258	162,841	400,329	182,591
Instructional Staff	366,870	235,638	333,059	242,880
Board of Education	46,127	46,127	53,611	53,611
Administration	589,519	501,403	567,336	480,833
Fiscal	132,549	132,549	153,410	153,410
Business	848	848	933	933
Operation and Maintenance of Plant	554,350	376,347	553,452	553,452
Pupil Transportation	641,948	534,640	406,654	346,854
Central	15,971	15,971	23,656	23,656
Operation of Non-Instructional Services	285,299	8,593	278,757	25,489
Extracurricular Activities	254,625	168,203	216,506	152,471
Debt Service: Principal	165,000	165,000	115,000	115,000
Payment to Refunded Escrow Agent	42,491	42,491	1,497,973	1,497,973
Interest	0	0	46,940	46,940
Issuance Costs	0	0	41,880	41,880
Total Disbursements	<u>\$7,754,773</u>	<u>\$5,525,231</u>	<u>\$8,808,918</u>	<u>\$6,916,363</u>

Charges for services, operating grants and capital grants of approximately 29 percent of total cash receipts were received and used to fund the expenses of the School District. The remaining 71 percent of cash receipts were from taxes, unrestricted State entitlements, investment earnings and miscellaneous receipts. The School District relies on these receipts to furnish the services it provides to students.

The School District's Funds

The School District's governmental funds are accounted for on a cash basis of accounting. All governmental funds had total receipts of \$7,676,872 and total disbursements of \$7,754,773.

During fiscal year 2011, the School District had two major funds; the General Fund and Bond Retirement Fund.

The General Fund cash fund balance decreased by \$70,829 due to increased expenses from the CNG bus project. The School District is responsible for 50% of the cost of the project which is approximately \$250,000. The decrease in fund balance is less than the decrease from the prior fiscal year.

The Bond Retirement Fund had a decrease of \$812.

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Major Funds Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The School District's budget is adopted on a line item basis. The Board of Education adopts the budget at the fund and function level for the General Fund (i.e. General Fund - Regular Instruction), and at the fund level for all other funds. The most significant budgeted fund is the General Fund.

During the course of the 2011 fiscal year, the School District amended its General Fund budget as needed. Original appropriations were budgeted at \$6,388,381, and final appropriations of \$6,119,917, while actual expenditures plus encumbrances were \$6,119,928.

Capital Assets

The School District tracks its capital assets on the State EIS system for insurance purposes.

Debt

At June 30, 2010, the School District had \$1,562,999 outstanding in general obligation bonds. During fiscal year 2011, the School District made principal payments of \$165,000 on these bonds; the balance at June 30, 2011 was \$1,397,999. The bonds are being paid through the Bond Retirement Fund with property tax revenue. For more information on the School District's debt see Note 12 of the notes to the basic financial statements.

Current Financial Issues and Concerns

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. Ansonia Local Schools is constantly re-evaluating costs and expenditures to continue to offer a quality education at the most economically feasible price.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nick Hamilton, Treasurer, Ansonia Local School District, P.O. Box 279, Ansonia, OH 45303.

This page intentionally left blank.

Ansonia Local School District
Darke County, Ohio
Statement of Net Assets - Cash Basis
June 30, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$1,286,972</u>
<i>Total Assets</i>	<u><u>\$1,286,972</u></u>
Net Assets	
Restricted for:	
Debt Service	\$281,578
Capital Outlay	111,060
Other Purposes	240,321
Unrestricted	<u>654,013</u>
<i>Total Net Assets</i>	<u><u>\$1,286,972</u></u>

See accompanying notes to the basic financial statements.

Ansonia Local School District
Darke County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2011

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$2,729,039	\$688,294	\$91,581	(\$1,949,164)
Special	967,772	94,996	203,552	(669,224)
Vocational	274,801	0	63,915	(210,886)
Other	305,306	0	0	(305,306)
Support Services:				
Pupil	382,258	0	219,417	(162,841)
Instructional Staff	366,870	0	131,232	(235,638)
Board of Education	46,127	0	0	(46,127)
Administration	589,519	88,116	0	(501,403)
Fiscal	132,549	0	0	(132,549)
Business	848	0	0	(848)
Operation and Maintenance of Plant	554,350	0	178,003	(376,347)
Pupil Transportation	641,948	13,398	93,910	(534,640)
Central	15,971	0	0	(15,971)
Operation of Non-Instructional Services	285,299	141,190	135,516	(8,593)
Extracurricular Activities	254,625	83,747	2,675	(168,203)
Debt Service:				
Principal	165,000	0	0	(165,000)
Interest	42,491	0	0	(42,491)
Totals	<u>7,754,773</u>	<u>1,109,741</u>	<u>1,119,801</u>	<u>(5,525,231)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				1,033,734
Debt Service				182,714
Capital Outlay				42,097
Classroom Maintenance				21,048
Income Taxes Levied for General Purposes				458,793
Grants and Entitlements not Restricted to Specific Programs				3,687,310
Interest				6,385
Miscellaneous				15,249
<i>Total General Receipts</i>				<u>5,447,330</u>
Change in Net Assets				(77,901)
<i>Net Assets Beginning of Year</i>				<u>1,364,873</u>
<i>Net Assets End of Year</i>				<u><u>\$1,286,972</u></u>

See accompanying notes to the basic financial statements.

Ansonia Local School District
Darke County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
As of June 30, 2011

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash, Cash Equivalents and Investments	\$636,874	\$281,578	\$232,319	\$1,150,771
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	136,201	0	0	136,201
<i>Total Assets</i>	<u>\$773,075</u>	<u>\$281,578</u>	<u>\$232,319</u>	<u>\$1,286,972</u>
Fund Balances				
Restricted	136,201	281,578	215,180	632,959
Committed	0	0	17,139	17,139
Assigned	81,155	0	0	81,155
Unassigned	555,719	0	0	555,719
<i>Total Fund Balances</i>	<u>773,075</u>	<u>281,578</u>	<u>232,319</u>	<u>1,286,972</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$773,075</u>	<u>\$281,578</u>	<u>\$232,319</u>	<u>\$1,286,972</u>

See accompanying notes to the basic financial statements.

**Ansonia Local School District
Darke County, Ohio**

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,033,734	\$182,714	\$63,145	\$1,279,593
Income Tax	458,793	0	0	458,793
Intergovernmental	3,692,297	28,704	1,081,040	4,802,041
Interest	6,385	0	0	6,385
Tuition and Fees	748,445	0	66,144	814,589
Extracurricular Activities	60,336	0	83,747	144,083
Contributions and Donations	5,295	0	6,515	11,810
Charges for Services	0	0	140,264	140,264
Miscellaneous	18,388	0	926	19,314
<i>Total Receipts</i>	<u>6,023,673</u>	<u>211,418</u>	<u>1,441,781</u>	<u>7,676,872</u>
Disbursements				
Current:				
Instruction:				
Regular	2,591,552	0	137,487	2,729,039
Special	768,744	0	199,028	967,772
Vocational	274,801	0	0	274,801
Other	301,358	0	3,948	305,306
Support Services:				
Pupil	160,312	0	221,946	382,258
Instructional Staff	206,687	0	160,183	366,870
Board of Education	46,127	0	0	46,127
Administration	588,897	0	622	589,519
Fiscal	126,169	4,739	1,641	132,549
Business	848	0	0	848
Operation and Maintenance of Plant	290,742	0	263,608	554,350
Pupil Transportation	563,965	0	77,983	641,948
Central	15,971	0	0	15,971
Operation of Non-Instructional Services	0	0	285,299	285,299
Extracurricular Activities	164,329	0	90,296	254,625
Debt Service:				
Principal	0	165,000	0	165,000
Interest	0	42,491	0	42,491
<i>Total Disbursements</i>	<u>6,100,502</u>	<u>212,230</u>	<u>1,442,041</u>	<u>7,754,773</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(76,829)</u>	<u>(812)</u>	<u>(260)</u>	<u>(77,901)</u>
Other Financing Sources (Uses)				
Advances In	6,000	0	0	6,000
Advances Out	0	0	(6,000)	(6,000)
<i>Total Other Financing Sources (Uses)</i>	<u>6,000</u>	<u>0</u>	<u>(6,000)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(70,829)</u>	<u>(812)</u>	<u>(6,260)</u>	<u>(77,901)</u>
<i>Fund Balances Beginning of Year, restated - Note 3</i>	<u>843,904</u>	<u>282,390</u>	<u>238,579</u>	<u>1,364,873</u>
<i>Fund Balances End of Year</i>	<u><u>\$773,075</u></u>	<u><u>\$281,578</u></u>	<u><u>\$232,319</u></u>	<u><u>\$1,286,972</u></u>

See accompanying notes to the basic financial statements.

**Ansonia Local School District
Darke County, Ohio**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				<u>Positive (Negative)</u>
Revenues				
Property Taxes	\$1,010,175	\$1,033,734	\$1,033,734	\$0
Income Taxes	392,738	458,793	458,793	0
Intergovernmental	3,458,371	3,692,297	3,692,297	0
Tuition and Fees	660,200	748,445	748,445	0
Interest	6,800	6,385	6,385	0
Gifts and Donations	0	5,070	5,070	0
Miscellaneous	27,323	18,388	18,388	0
<i>Total Revenues</i>	<u>5,555,607</u>	<u>5,963,112</u>	<u>5,963,112</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	2,668,495	2,596,354	2,596,360	(6)
Special	779,178	770,676	770,678	(2)
Vocational	187,244	278,886	278,887	(1)
Other	272,360	308,329	308,330	(1)
Support Services:				
Pupil	189,889	164,723	164,724	(1)
Instructional Staff	188,262	211,807	211,807	0
Board of Education	53,456	46,527	46,527	0
Administration	481,617	531,799	531,800	(1)
Fiscal	152,777	141,196	141,195	1
Business	1,000	848	848	0
Operation and Maintenance of Plant	513,650	302,806	302,807	(1)
Pupil Transportation	680,122	581,773	581,770	3
Central	29,131	19,866	19,866	0
Extracurricular Activities	191,200	164,327	164,329	(2)
<i>Total Expenditures</i>	<u>6,388,381</u>	<u>6,119,917</u>	<u>6,119,928</u>	<u>(11)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(832,774)</u>	<u>(156,805)</u>	<u>(156,816)</u>	<u>(11)</u>
Other Financing Sources (Uses):				
Advances In	0	6,000	6,000	0
<i>Net Change in Fund Balance</i>	(832,774)	(150,805)	(150,816)	(11)
<i>Fund Balance Beginning of Year, restated 3</i>	739,331	739,331	739,331	0
Prior Year Encumbrances Appropriated	104,573	104,573	104,573	0
<i>Fund Balance End of Year</i>	<u>\$11,130</u>	<u>\$693,099</u>	<u>\$693,088</u>	<u>(\$11)</u>

See accompanying notes to the basic financial statements.

Ansonia Local School District
Darke County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
June 30, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$14,969</u></u>
Liabilities	
Held for Students	<u><u>\$14,969</u></u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Darke County and includes the entire Village of Ansonia, New Weston, and Rossburg, all of Brown Township, and portions of Allen, Richland, Wabash and York townships. It is staffed by 34 classified employees, 50 certified teaching personnel, and 10 administrative employees who provide services to approximately 675 students and other community members. The School District currently operates 1 instructional building, 1 bus garage and 1 administrative facility.

Reporting Entity

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

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

A joint venture is a legal entity or other organization resulting from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) ongoing financial interest or (b) ongoing financial responsibility. Under the cash basis of accounting, the School District does not report assets for equity interests in joint ventures.

The School District participates in five organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Metropolitan Dayton Educational Cooperative Association, Southwestern Ohio Educational Purchasing Council, and Southwestern Ohio Instructional Technology Association, Southwestern Ohio Educational Purchasing Council Workers’ Compensation Group Rating Plan, Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

The School District’s management believes these financial statements present all activities for which the District is financially accountable.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally used in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which, have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide 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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct disbursements with program receipts for each function or program of the School District's governmental activities. Direct disbursements are those that are specifically identifiable to a particular function, reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts are presented as general receipts of the School District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general revenues of the School District.

Fund Financial Statements

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The School District's major governmental funds for the 2011 fiscal year were the General and Bond Retirement funds.

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

Bond Retirement Fund – The Bond Retirement fund balance is available to the School District for the repayment of bonds issued to finance the construction of new school facilities.

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

Fiduciary Funds

Fiduciary funds account for cash and investments where the School District is acting as a trustee or fiscal agent for other entities or individuals. The School District's fiduciary funds are agency funds. Agency funds are custodial in nature, where the School District deposits and pays cash as directed by another entity or individual. The School District's agency funds account for student-managed activities' cash.

C. Basis of Accounting

Ohio Admin. Code, Sec. 117-2-03(B), requires the School District prepare annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. The School District reports liabilities of the Fiduciary Agency Fund since those monies are due to others and not for the purpose of the School District itself.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. If the School District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the function level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

The School District is required to use the encumbrance method of accounting by virtue of Ohio Law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year end are reported as reservation of fund balance for subsequent-year expenditures for governmental funds.

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

E. Cash and Investments

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2011, the School District invested in Star Ohio, certificate of deposit and Federal National Mortgage Association. Investments are reported at cost, except for STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 was \$6,385, including \$2,479 assigned from other School District funds.

F. Restricted Assets

Cash and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation is the source of the restrictions. Restricted cash and investments in the General Fund include amounts required to be spent on bus purchases and amounts State statute requires to be set aside for textbooks and instructional materials, and to create a budget reserve. See Note 12 for additional information regarding set-asides.

G. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements. On the cash basis of accounting, payments made to vendors for services that will benefit periods beyond the fiscal year are recorded as disbursements when made.

H. Capital Assets

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

I. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets in the accompanying financial statements.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 School District's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restriction imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food services operations, athletic programs, and federal and state grants restricted to cash disbursement for specific purposes.

The School District's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets were not restricted by enabling legislation.

N. Fund Balance

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

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

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchasing funds. Non-exchange flows of cash from one fund to another 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 reported as are not presented on the financial statements.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND BALANCES

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions.*”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

The restatement had the following effect on fund balances as of June 30, 2010:

	General Fund	Other Governmental Funds
Fund Balance at June 30, 2010	\$831,713	\$ 250,770
Change in Fund Structure	12,191	(12,191)
Restated Fund Balance at June 30, 2010	<u>\$843,904</u>	<u>\$ 238,579</u>

As a result of the above restatement, budget basis of the general fund was restated to \$739,331

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General Fund:

	FY 2011
Cash Basis	\$ (70,829)
Less Adjustment for Encumbrances	(79,025)
Perspective Difference	(962)
Budget Basis	<u>\$ (150,816)</u>

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

8. Commercial paper and bankers acceptances, if training has been met.

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

Protection of the School 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 money deposited with the institution.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

At June 30, 2011, the book balance of the School Districts deposits was \$128,335 and the bank balance was \$151,560. All of the School District’s deposits were insured by federal depository insurance, based on the criteria described in GASB Statement 40, “Deposits and Investment Risk Disclosures.”

Investments

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

Investments	Maturities	Carrying Value
STAR Ohio	Average	\$1,023,606
Federal National Mortgage	09/30/2015	150,000
Total Investments		\$1,173,606

Interest rate risk - arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy requires that the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, or by investing operating funds primarily in short-term investments.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAR Ohio is rated AAAM by Standards and Poor's. Federal National Mortgage Association was rated Aaa by Moody's Investors Service and AAAM by Standard & Poor's.

Custodial Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Risk – The School District places no limits on the amount the School District may invest in any one issuer. At June 30, 2011, 87% of the School District's investments were in Star Ohio.

NOTE 6 - PROPERTY TAXES

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

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property were eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 8 - RISK MANAGEMENT

The School District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured. The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the School District contracted for property and fleet, liability, boiler and machinery, crime, and inland marine insurance. The coverage is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$ 18,806,402
Inland Marine Coverage (\$500 deductible)	1,090,051
Boiler and Machinery - Included in Building and Contents	
Automobile Liability (\$250 comprehensive deductible) (\$500 collision deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Limit	2,000,000

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

Workers' Compensation

The School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 14). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2011, it was determined the employer contribution rate to pension and death benefits to be 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Health Care and Medicare B Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$108,396, \$118,369 and \$85,575, respectively; 53 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 - 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 the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For the fiscal year ended June 30, 2010, 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$396,815, \$405,595 and \$400,952 respectively; 86 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011, were \$12,847 made by the School District and \$9,176 made by the plan members.

C. Social Security System

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

NOTE 10 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio ("STRS Ohio") and to retired non-certified employees and their dependents through the School Employees Retirement System ("SERS"). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

A. State Teachers Retirement System

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, one percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2011, 2010 and 2009. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

The School District's contributions for post employment health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$30,524, \$31,230 and \$30,842, respectively; 86 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

B. School Employees Retirement System

Medicare Part B Plan

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was 0.76 percent. The School District's contributions for the fiscal years ended June 30, 2011, 2010 and 2009 were \$6,977, \$7,040 and \$7,061, respectively, which equaled the required contributions each year.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105 (e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43 percent.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge added to the unallocated portion of the 14 percent employer contribution is the total amount assigned to the Health Care Fund.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

The School District's contributions assigned to health care fund for the fiscal years ended June 30, 2011, 2010, and 2009 were \$27,106, \$18,081 and \$52,983, respectively; 53 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

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

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn five to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract plus ninety, not to exceed 220 days for all employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 55 days for certified and classified employees.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to classified employees through the Community Life Insurance Company, and medical, surgical, dental and vision insurance through Anthem PPO Blue Cross Blue Shield to all employees.

C. Deferred Compensation Plan

Employees may elect to participate in the Ohio Association of School Business Officials Deferred Compensation Plan. The plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 12 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/10	Additions	Reductions	Principal Outstanding 6/30/11	Maturity Due in One Year
Class Facilities Bonds 2000 5.0%	\$ 168,000	\$ 0	\$ 120,000	48,000	\$ 0
Class Facilities Bonds 2010 1.0% - 3.7%	1,394,999	0	45,000	1,349,999	155,000
	<u>\$ 1,562,999</u>	<u>\$ 0</u>	<u>\$ 165,000</u>	<u>\$ 1,397,999</u>	<u>\$ 155,000</u>

Classroom Facilities General Obligation Bonds – The remaining \$48,000 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount is \$130,000 for each year.

Class Facilities Bonds – Issued 2010 - the School District issued \$1,394,999 in general obligation bonds to advance refund a portion of the 2000 bonds. Of these bonds, \$75,000 are term bonds maturing on December 1, 2012, 2013 and 2014; \$109,999 are capital appreciation bonds maturing on December 1, 2015 and December 1, 2016; \$200,000 are serial bonds with maturity dates of December 1, 2010 and December 1, 2011; and \$1,010,000 are serial bonds with maturity dates of December 1, 2017 through December 1, 2022. The maturity amounts for the capital appreciation bonds are \$189,310 for December 1, 2015 and \$194,310 for December 1, 2016.

Principal and interest requirements to retire the school facilities construction and improvement bonds are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2012	\$ 155,000	\$ 36,585	\$ 191,585
2013	43,577	146,983	190,560
2014	40,868	149,192	190,060
2015	38,555	151,005	189,560
2016	58,913	130,397	189,310
2017-2021	701,086	240,246	941,332
2022-2023	360,000	13,418	373,418
Total	<u>\$1,397,999</u>	<u>\$867,826</u>	<u>\$2,265,825</u>

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 13 - SET-ASIDE CALCULATIONS

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

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

	Textbooks and Instructional Materials	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2010	\$67,191	(\$2,186,168)	\$55,498
Current Year Set-aside Requirement	100,660	100,660	0
Current Year Offsets	0	(63,145)	0
Qualifying Disbursements	(94,495)	0	0
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$73,356</u>	<u>(\$2,148,653)</u>	<u>\$55,498</u>
Set-aside Reserve Balances as of June 30, 2011	<u><u>\$73,356</u></u>	<u><u>\$0</u></u>	<u><u>\$55,498</u></u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. The negative amount can be carried forward as it represents proceeds of bonds from prior fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$128,854.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Dayton Educational Cooperative Association

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA \$26,172 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS, (continued)

B. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member school districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member school district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member school districts. Any school district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2011 the School District paid \$1,397 SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

C. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member school districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2011, the School District paid \$560 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

NOTE 15 - INSURANCE PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by an eleven member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating School Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 15 - INSURANCE PURCHASING POOLS, (Continued)

B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

The School District participates in Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP is governed by an eleven member committee consisting of EPC representatives elected by the general assembly. The superintendent or treasurer from each participating educational service center or school district serves on the general assembly. Each year, the participating educational service centers and school districts pay an enrollment fee to cover the costs of administering the program.

NOTE 16 - INTERFUND ADVANCES

During the fiscal year 2011, the general fund had an advance in from the preschool grant fund of \$6,000 for a reimbursement of an advance from prior year. These advances were made in accordance with applicable Ohio Revised Code Sections.

NOTE 17 – COMPLIANCE

Ohio Admin. Code, Sec. 117-2-03(B), requires the School District prepare annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 17 - CONTINGENCIES

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 – FUND BALANCE

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

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

	<u>General</u>	<u>Bond Retirement Funds</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Restricted for:				
Debt Retirement		281,578		281,578
Textbooks and Materials	73,356			73,356
Budget Reserve	55,498			55,498
Bus Purchase	7,347			7,347
Martha Holden Jennings Grant			550	550
Vocational Education			654	654
Facilities Maintenance			11,033	11,033
Permenant improvements			111,057	111,057
Educational Management Information Systems			11,978	11,978
Professional Development			1,589	1,589
Expanded Workforce			29	29
Food Service Operations			43,743	43,743
Clean Fuels			15,536	15,536
Race to the Top			2,741	2,741
Athletics			16,270	16,270
Total Restricted	<u>136,201</u>	<u>281,578</u>	<u>215,180</u>	<u>632,959</u>
Committed to:				
Preschool		0	17,139	17,139
Total Committed	<u>0</u>	<u>0</u>	<u>17,139</u>	<u>17,139</u>
Assigned to:				
Unpaid Obligations	68,003			68,003
Educational Activities	10,735			10,735
Scholarships	1,500			1,500
Supplies	917			917
Total Assigned	<u>81,155</u>	<u>0</u>	<u>0</u>	<u>81,155</u>
Unassigned	<u>555,719</u>	<u>0</u>	<u>0</u>	<u>555,719</u>
Total Fund Balance	<u><u>\$773,075</u></u>	<u><u>\$ 281,578</u></u>	<u><u>\$232,319</u></u>	<u><u>\$1,286,972</u></u>

Ansonia Local School District
Darke County
Schedule of Federal Awards, Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed Through the Ohio Department of Education:</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555	\$ 0	\$ 31,900	\$ 0	\$ 31,900
Cash Assistance:					
School Breakfast Program	10.553	18,937		18,937	
National School Lunch Program	10.555	113,798	0	113,798	0
Total Nutrition Cluster		<u>132,735</u>	<u>31,900</u>	<u>132,735</u>	<u>31,900</u>
Total U.S. Department of Agriculture		<u>132,735</u>	<u>31,900</u>	<u>132,735</u>	<u>31,900</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Passed Through the Ohio Department of Education:</i>					
Title I Cluster:					
Title I Grants to Local Educational Agencies	84.010	103,174	0	103,174	0
Title I Grants to Local Educational Agencies - ARRA	84.389	0	0	2,293	0
Total Title I Cluster		<u>103,174</u>	<u>0</u>	<u>105,467</u>	<u>0</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	0	0	1,893	0
Education Technology State Grants	84.318	181	0	414	0
Rural Education Achievement (REAP)	84.358	28,000	0	28,026	0
Race to the Top	84.395	5,658	0	2,918	0
Title V - State Grant for Innovative Programs	84.298	0	0	203	0
State Fiscal Stabilization Fund - ARRA	84.394	282,544	0	283,544	0
Improving Teacher Quality Grants	84.367	<u>24,144</u>	<u>0</u>	<u>24,886</u>	<u>0</u>
Total U.S. Department of Education		<u>443,701</u>	<u>0</u>	<u>447,351</u>	<u>0</u>
<u>U.S. DEPARTMENT OF ENERGY</u>					
Conservation Research and Development - Clean Fuels Ohio	81.086	90,121	0	74,584	0
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<i>Passed Through the Ohio Department of Job and Family Services:</i>					
Temporary Assistance to Needy Families (TANF)	93.558	<u>0</u>	<u>0</u>	<u>297</u>	<u>0</u>
Total Federal Assistance		<u>\$ 666,557</u>	<u>\$ 31,900</u>	<u>\$ 654,967</u>	<u>\$ 31,900</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

Ansonia Local School District
Darke County
Notes to the Schedule of Federal Awards, Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulators do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The schedule does not include the expenditures of non-Federal matching funds.

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

Ansonia Local School District
Darke County
P.O. Box 279
Ansonia, Ohio 45303

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 Ansonia Local School District, Darke County, (the School District), as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2011, wherein we noted the District presented financial statements on the cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America. We also noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses as identified 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2011-001.

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

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

Manning & Associates CPAs, LLC
Dayton, Ohio

December 28, 2011

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

Ansonia Local School District
Darke County
PO Box 279
Ansonia, Ohio 45303

To the Board of Education:

Compliance

We have audited the compliance of Ansonia Local School District (the School 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 Ansonia Local School 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 School 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 School District's compliance with those requirements.

In our opinion, the Ansonia Local School District, Darke County, Ohio 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.

Ansonia Local School District
Darke County

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance with Accordance with *OMB Circular A-133*
Page 2

Internal Control Over Compliance

The School 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 School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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

Manning & Associates CPAs, LLC
Dayton, Ohio

December 28, 2011

Ansonia Local School District
Darke County
Schedule of Findings
OMB Circular A-133 § .505
June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.394: State Fiscal Stabilization Fund CFDA #84.010: Title I Grants to Local Educational Agencies CFDA #84.389: Title I Grants to Local Educational Agencies - Recovery Act
(d)(1)(vi)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

<p style="text-align: center;">2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
--

FINDING NUMBER 2011-001

Noncompliance Citation

Ohio Rev. Code Sec. 117.38 provides that each public office shall file a financial report each fiscal year. The Auditor of State may prescribe forms by rule or 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 Sec. 117-2-03 further clarifies these requirements.

Ohio Adm. Code Sec. 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

For 2011, the School District prepared its financial statements, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements 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 School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare their financial statements in accordance with generally accepted accounting principles.

Response: The Board of Education unanimously agreed to approve filing on GASB 34 cash basis year-end reports. Due to the continuous pressure to minimize cost under the current school funding system, the Board has agreed that costs associated with generating and auditing the reports on a GAAP basis exceeds the benefits received by filing GAAP financial reports.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None.

Ansonia Local School District
Darke County
Schedule of Prior Audit Findings
For The Fiscal Years Ended June 30, 2011

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; Explain
2010-001	Financial statement reported in accordance with GAGAS	No	Reissued as finding 2011-001

This page intentionally left blank.

Independent Auditors' Report on Applying Agreed-Upon Procedure

Ansonia Local School District
Darke County
PO Box 279
Ansonia, Ohio 45303

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

We noted the Board amended its anti-harassment policy at its meeting on November 15, 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.

Manning & Associates, CPAs LLC

December 28, 2011

This page intentionally left blank.



Dave Yost • Auditor of State

ANSONIA LOCAL SCHOOL DISTRICT

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 3, 2012**