

**Antwerp Local School District
Paulding County**
Basic Financial Statements – Cash Basis

For the Fiscal Years Ended June 30, 2010 and 2009



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.



Mary Taylor, CPA
Auditor of State

Board of Education
Antwerp Local School District
303 S. Harrmann Road
Antwerp, Ohio 45813

We have reviewed the *Independent Auditor's Report* of the Antwerp Local School District, Paulding County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2010. 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 Antwerp Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 10, 2010

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**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

September 29, 2010

The Board of Education
Antwerp Local School District
Antwerp, Ohio 45813

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Antwerp Local School District, Paulding County, Ohio (the School District) as of and for the years ended June 30, 2010 and June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

Ohio Administrative Code § 117-2-03 (B) requires the School 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 basis of accounting 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 basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Antwerp Local School District, Paulding County, Ohio, as of June 30, 2010 and June 30, 2009, and the respective changes in cash basis financial position thereof and the respective budgetary comparisons for the General Fund for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010 on our consideration of the School 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Rea & Associates, Inc.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

The discussion and analysis of the Antwerp Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2010 and June 30, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- General Receipts accounted for \$5,939,963, or 84 percent, of all receipts.
- Total program disbursements were \$6,636,868.
- In total, net assets increased \$475,073, a 17 percent increase over net assets at June 30, 2009.

Key financial highlights for fiscal year 2009 are as follows:

- General Receipts accounted for \$5,753,284, or 82 percent, of all receipts.
- Total program disbursements were \$6,878,745.
- In total, net assets increased \$109,249, a 4 percent increase over net assets at June 30, 2008.

Using this Annual Report

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

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

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

Basis of Accounting

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net assets will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal years 2010 and 2009?" The statement of net assets and the statement of activities answer this question.

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant (buildings), pupil transportation, extracurricular activities, and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the General Fund and the OSFC Local/State Share Fund for fiscal years 2010 and 2009.

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 year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. These funds also use the cash basis of accounting.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The School District's fiduciary activities are reported in the statements of fiduciary net assets on pages 14 and 20 for fiscal years 2010 and 2009, respectively. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

The School District as a Whole

This year's financial statements were prepared on the cash basis utilizing the GASB 34 format. Table 1 provides a summary of the School District's net assets for fiscal years 2010, 2009 and 2008.

**(Table 1)
Net Assets – Cash basis**

	Governmental Activities		
	2010	2009	2008
ASSETS			
Equity in Pooled Cash & Cash Equivalents	\$ 3,222,103	\$ 2,747,985	\$ 2,629,717
Cash & Cash Equivalents with Fiscal Agent	4,884	3,929	12,948
Total Assets	\$ 3,226,987	\$ 2,751,914	\$ 2,642,665
NET ASSETS			
Restricted for:			
Debt Service	\$ 231,644	\$ 205,068	\$ 179,763
Capital Outlay	774,281	768,125	1,109,115
Other Purposes	255,574	195,831	235,744
Textbooks and Instructional Materials	379,590	302,910	219,480
BWC Refund	13,557	13,557	13,557
Bus Purchase	20,511	20,511	10,465
Unrestricted	1,551,830	1,245,912	874,541
Total Net Assets	\$ 3,226,987	\$ 2,751,914	\$ 2,642,665

Net assets of the governmental activities increased \$475,073, which represents a 17 percent increase from fiscal year 2009 to 2010. The increase is the result of the close supervision of disbursements.

A portion of the School District's net assets, \$1,675,157, as of June 30, 2010, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets of \$1,551,830 may be used to meet the School District's ongoing obligations.

Net assets of the governmental activities increased \$109,249, which represents a 4 percent increase from fiscal year 2008 to 2009. The increase is the result of the close supervision of disbursements.

A portion of the School District's net assets, \$1,506,002, as of June 30, 2009, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets of \$1,245,912 may be used to meet the School District's ongoing obligations.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

Table 2 shows the changes in net assets for fiscal year 2010 as compared to fiscal years 2009 and 2008.

**(Table 2)
Change in Net Assets**

	Governmental Activities		
	2010	2009	2008 (Restated)
Receipts			
<i>Program Receipts</i>			
Charges for Services	\$ 598,840	\$ 557,139	\$ 584,197
Operating Grants	544,856	630,758	710,056
Capital Grants	28,282	46,813	65,682
<i>General Receipts</i>			
Property Taxes	1,425,693	1,444,866	1,481,070
Income Taxes	916,309	997,635	1,083,180
Grants and Entitlements	3,589,955	3,290,503	3,231,873
Other	8,006	20,280	47,448
Total Receipts	7,111,941	6,987,994	7,203,506
<i>Program Disbursements</i>			
Instruction	3,628,039	3,365,518	3,562,165
Support Services	2,050,192	2,131,944	1,990,063
Non-Instructional	52,555	49,130	44,649
Food Services	259,879	217,196	258,036
Extracurricular	251,710	240,298	250,702
Capital Outlay	4,425	482,718	212,162
Repayment of Debt	246,756	247,280	249,558
Intergovernmental	143,312	144,661	172,216
Total Disbursements	6,636,868	6,878,745	6,739,551
Increase in Net Assets	\$ 475,073	\$ 109,249	\$ 463,955

Governmental Activities

Several receipt sources fund the School District's governmental activities with the school foundation program being the largest contributor. School foundation provided approximately \$3.6 million in fiscal year 2010. Property and income tax levies generated \$2.3 million in fiscal year 2010. With the combination of taxes and intergovernmental funding of 89 percent of disbursements in governmental activities, the School District monitors both of these receipt sources very closely for fluctuations.

The majority of program disbursements for governmental activities are for instruction, which accounts for 55 percent of all governmental disbursements in fiscal year 2010. Other programs which support the instruction process account for 31 percent of governmental disbursements. The remaining 14 percent of the School District's disbursements are related to the primary functions of delivering education and providing facilities.

Fiscal year 2008 disbursements were reclassified to appropriately present intergovernmental disbursements and provide a more accurate comparison. These disbursements are transactions paid by Western Buckeye Educational Service Center for district students. There was no effect to the financial statement with this reclassification.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

Several receipt sources fund the School District's governmental activities with the school foundation program being the largest contributor. School foundation provided approximately \$3.3 million in fiscal year 2009. Property and income tax levies generated \$2.4 million in fiscal year 2009. With the combination of taxes and intergovernmental funding of 83 percent of disbursements in governmental activities, the School District monitors both of these receipt sources very closely for fluctuations.

The majority of program disbursements for governmental activities are for instruction, which accounts for 49 percent of all governmental disbursements in fiscal year 2009. Other programs which support the instruction process account for 31 percent of governmental disbursements. Capital outlay accounted for 7 percent of total governmental disbursements. The remaining 13 percent of the School District's disbursements are related to the primary functions of delivering education and providing facilities.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2010, 2009 and 2008.

**(Table 3)
Governmental Activities**

	2010		2009		2008 (Restated)	
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
Instruction	\$ 3,628,039	\$ 3,035,112	\$ 3,365,518	\$ 2,759,312	\$ 3,562,165	\$ 2,900,218
Support Services:						
Pupil and Instructional Staff	354,834	327,498	386,123	339,844	332,452	287,447
Board of Education, Administration and Fiscal	729,950	721,227	763,128	758,128	716,968	687,366
Operation and Maintenance of Plant	657,780	638,465	666,204	646,889	645,706	626,391
Pupil Transportation	298,628	298,628	310,489	310,489	294,937	294,937
Central	9,000	9,000	6,000	6,000	0	0
Operation of Non-Instructional	52,555	14,558	49,130	9,008	44,649	3,215
Food Services	259,879	1,660	217,196	(4,599)	258,036	28,878
Extracurricular Activities	251,710	175,004	240,298	166,565	250,702	152,405
Capital Outlay	4,425	(2,066)	482,718	435,905	212,162	164,994
Repayment of Debt	246,756	246,756	247,280	207,475	249,558	222,882
Intergovernmental	143,312	(952)	144,661	9,019	172,216	10,883
Total	\$ 6,636,868	\$ 5,464,890	\$ 6,878,745	\$ 5,644,035	\$ 6,739,551	\$ 5,379,616

Fiscal year 2008 disbursements were reclassified to appropriately present intergovernmental disbursements and provide a more accurate comparison. These disbursements are transactions paid by Western Buckeye Educational Service Center for district students. There was no effect to the financial statement with this reclassification.

Instruction and student support services comprise 60 percent of governmental program disbursements in fiscal year 2010. Board of Education, Administration and Fiscal charges were 11 percent in fiscal year 2010. Fiscal disbursements include payments to the County Auditor(s) for administrative fees and other administrative services provided by the School District. Capital outlay and the operation and maintenance of facilities accounted for 10 percent in fiscal year 2010.

Instruction and student support services comprise 55 percent of governmental program disbursements in fiscal year 2009. Board of Education, Administration and Fiscal charges were 11 percent in fiscal year 2009. Fiscal disbursements include payments to the County Auditor(s) for administrative fees and other administrative services provided by the School District. Capital outlay and the operation and maintenance of facilities accounted for 17 percent in fiscal year 2009.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

The dependence upon foundation revenues for governmental activities is apparent.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. For fiscal year 2010, the School District has two major governmental funds: the General Fund and OSFC Local/State Share Fund. Receipts of the General Fund comprise \$5,606,522 (78.8 percent) of the total \$7,111,941 governmental funds' receipts and \$5,219,057 (78.6 percent) of the total \$6,641,386 governmental funds' disbursements. Receipts of the OSFC Local/State Share generated \$2,067 (0.03 percent) in receipts and utilized \$116,210 (1.7 percent) of the total governmental disbursements.

General Fund – The General Fund cash balance at June 30, 2010 was \$1,965,488 which represents 61.0 percent of total governmental funds' cash balances for fiscal year 2010. General fund receipts were more than disbursements by \$382,598 mostly due to controlled budgeting of disbursements.

OSFC Local/State Share Fund – The OSFC Local/State Share Fund cash balance at June 30, 2010 was \$501,832 which represents 15.6 percent of total governmental funds' cash balances for fiscal year 2010. OSFC Local/State Share Fund receipts were less than disbursements by \$114,143.

For fiscal year 2009, the School District has two major governmental funds: the General Fund and OSFC Local/State Share Fund. Receipts of the General Fund comprise \$5,885,651 (84.2 percent) of the total \$6,988,384 governmental funds' receipts and \$5,429,609 (78.9 percent) of the total \$6,878,745 governmental funds' disbursements. Receipts of the OSFC Local/State Share generated \$13,232 (0.2 percent) in receipts and utilized \$299,152 (4.3 percent) of the total governmental disbursements.

General Fund – The General Fund cash balance at June 30, 2009 was \$1,582,890 which represents 57.5 percent of total governmental funds' cash balances for fiscal year 2009. General fund receipts were more than disbursements by \$464,847 mostly due to controlled budgeting of disbursements.

OSFC Local/State Share Fund – The OSFC Local/State Share Fund cash balance at June 30, 2009 was \$615,975 which represents 22.4 percent of total governmental funds' cash balances for fiscal year 2009. OSFC Local/State Share Fund receipts were less than disbursements by \$285,920.

General Fund Budgeting Highlights

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

During the course of fiscal years 2010 and 2009, the School District amended its general fund budget to reflect changing circumstances. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis actual receipts matched final budgeted estimates of \$5,606,522 for fiscal year 2010.

General fund actual disbursements were \$5,266,796, which is equal to final budgeted disbursements of fiscal year 2010.

For the general fund, budget basis actual receipts matched final budgeted estimates of \$5,885,651 for fiscal year 2009.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

General fund actual disbursements were \$5,491,662, which is equal to final budgeted disbursements of fiscal year 2009.

Debt Administration

In 2002, the School District passed a bond issue providing \$3,261,000 for the purpose of capital improvements. As of June 30, 2010, \$2.4 million of this bond is still outstanding. As of June 30, 2009, \$2.5 million of this bond was outstanding.

For further information regarding the District's debt, refer to Note 10 of the basic financial statements.

Current Issues

The Antwerp Local School District is maintaining its consistency in a state of a declining economy and uncertainty in State funding. The School District is a small, rural community of 1,850 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

In January, 2006, the School District passed a five year 2.9 mill permanent improvement levy to generate \$144,555 annually. This levy provides a source of funds for the financial operations and stability of the School District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools considering the DeRolph court case and the long term effects of public utility deregulation as well as the reduction of personal property for business inventory. As the preceding information shows, the School District relies heavily on its local taxpayers.

Real estate tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jane Limber, Treasurer, Antwerp Local School District, 303 South Harrmann Road, Antwerp, OH 45813.

**Antwerp Local School District
Paulding County**

*Statement of Net Assets - Cash Basis
June 30, 2010*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,222,103
Cash and Cash Equivalents with Fiscal Agents	<u>4,884</u>
<i>Total Assets</i>	<u><u>\$ 3,226,987</u></u>
Net Assets	
Restricted for:	
Debt Service	\$ 231,644
Capital Outlay	774,281
Other Purposes	255,574
Textbooks and Instructional Materials	379,590
BWC Refund	13,557
Bus Purchase	20,511
Unrestricted	<u>1,551,830</u>
<i>Total Net Assets</i>	<u><u>\$ 3,226,987</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2010*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 2,607,747	\$ 322,015	\$ 10,621	\$ 19,268	\$ (2,255,843)
Special	803,016	0	217,940	0	(585,076)
Adult/Continuing	5,000	0	0	0	(5,000)
Student Intervention Services	37,489	0	23,083	0	(14,406)
Other	174,787	0	0	0	(174,787)
Support Services:					
Pupils	83,835	0	0	0	(83,835)
Instructional Staff	270,999	0	27,336	0	(243,663)
Board of Education	8,346	0	0	0	(8,346)
Administration	501,453	0	1,200	0	(500,253)
Fiscal	220,151	0	5,000	2,523	(212,628)
Operation and Maintenance of Plant	657,780	0	19,315	0	(638,465)
Pupil Transportation	298,628	0	0	0	(298,628)
Central	9,000	0	0	0	(9,000)
Operation of Non-Instructional Services	52,555	37,997	0	0	(14,558)
Operation of Food Services	259,879	162,122	96,097	0	(1,660)
Extracurricular Activities	251,710	76,706	0	0	(175,004)
Capital Outlay	4,425	0	0	6,491	2,066
Repayment of Debt:					
Principal	145,000	0	0	0	(145,000)
Interest	101,756	0	0	0	(101,756)
Intergovernmental	143,312	0	144,264	0	952
Total Governmental Activities	<u>\$ 6,636,868</u>	<u>\$ 598,840</u>	<u>\$ 544,856</u>	<u>\$ 28,282</u>	<u>(5,464,890)</u>
		General Receipts			
		Property Taxes Levied for:			
					1,061,756
					241,382
					122,555
		Income Taxes Levied for:			
					891,120
					25,189
					3,589,955
					7,981
					25
					<u>5,939,963</u>
					475,073
					<u>2,751,914</u>
					<u>\$ 3,226,987</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2010*

	<u>General Fund</u>	<u>OSFC Local/State Share Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,551,830	\$ 501,832	\$ 754,783	\$ 2,808,445
Cash and Cash Equivalents with Fiscal Agent	0	0	4,884	4,884
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>413,658</u>	<u>0</u>	<u>0</u>	<u>413,658</u>
<i>Total Assets</i>	<u><u>\$ 1,965,488</u></u>	<u><u>\$ 501,832</u></u>	<u><u>\$ 759,667</u></u>	<u><u>\$ 3,226,987</u></u>
Fund Balances				
Reserved for:				
Encumbrances	\$ 47,739	\$ 37,783	\$ 34,860	\$ 120,382
Textbooks and Instructional Materials	379,590	0	0	379,590
Budget Stabilization	13,557	0	0	13,557
Bus Purchases	20,511	0	0	20,511
Unreserved, Designated for Budget Stabilization	34,229	0	0	34,229
Unreserved, Undesignated, Reported in:				
General Fund	1,469,862	0	0	1,469,862
Special Revenue Funds	0	0	243,649	243,649
Debt Service Funds	0	0	231,644	231,644
Capital Projects Funds	<u>0</u>	<u>464,049</u>	<u>249,514</u>	<u>713,563</u>
<i>Total Fund Balances</i>	<u><u>\$ 1,965,488</u></u>	<u><u>\$ 501,832</u></u>	<u><u>\$ 759,667</u></u>	<u><u>\$ 3,226,987</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2010*

	<u>General Fund</u>	<u>OSFC Local/State Share Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts				
Property and Other Local Taxes	\$ 1,061,756	\$ 0	\$ 363,937	\$ 1,425,693
Income Taxes	891,120	0	25,189	916,309
Intergovernmental	3,344,298	0	813,254	4,157,552
Interest	7,981	2,067	0	10,048
Tuition and Fees	297,242	0	58,670	355,912
Rent	4,100	0	0	4,100
Extracurricular Activities	0	0	76,706	76,706
Customer Sales and Services	0	0	162,121	162,121
Miscellaneous	25	0	3,475	3,500
Total Receipts	<u>5,606,522</u>	<u>2,067</u>	<u>1,503,352</u>	<u>7,111,941</u>
Disbursements				
Current:				
Instruction:				
Regular	2,465,131	0	142,616	2,607,747
Special	591,438	0	211,578	803,016
Adult/Continuing	5,000	0	0	5,000
Student Intervention Services	17,041	0	20,448	37,489
Other	174,787	0	0	174,787
Support Services:				
Pupils	83,835	0	0	83,835
Instructional Staff	246,342	0	24,657	270,999
Board of Education	8,346	0	0	8,346
Administration	500,253	0	1,200	501,453
Fiscal	200,958	0	19,193	220,151
Operation and Maintenance of Plant	454,586	116,210	86,984	657,780
Pupil Transportation	298,628	0	0	298,628
Central	9,000	0	0	9,000
Operation of Non-Instructional Services	0	0	52,555	52,555
Operation of Food Services	0	0	259,879	259,879
Extracurricular Activities	163,712	0	87,998	251,710
Capital Outlay	0	0	4,425	4,425
Debt Service:				
Principal	0	0	145,000	145,000
Interest	0	0	101,756	101,756
Intergovernmental	0	0	143,312	143,312
Total Disbursements	<u>5,219,057</u>	<u>116,210</u>	<u>1,301,601</u>	<u>6,636,868</u>
Excess of Receipts Over (Under) Disbursements	<u>387,465</u>	<u>(114,143)</u>	<u>201,751</u>	<u>475,073</u>
Other Financing Sources (Uses)				
Transfers In	2,633	0	7,500	10,133
Transfers Out	(7,500)	0	(2,633)	(10,133)
Total Other Financing Sources (Uses)	<u>(4,867)</u>	<u>0</u>	<u>4,867</u>	<u>0</u>
Net Change in Fund Balances	382,598	(114,143)	206,618	475,073
Fund Balance at Beginning of Year	<u>1,582,890</u>	<u>615,975</u>	<u>553,049</u>	<u>2,751,914</u>
Fund Balance at End of Year	<u>\$ 1,965,488</u>	<u>\$ 501,832</u>	<u>\$ 759,667</u>	<u>\$ 3,226,987</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Cash Receipts, Disbursements and Changes In Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2010*

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 1,030,650	\$ 1,061,756	\$ 1,061,756	\$ 0
Income Taxes	925,000	891,120	891,120	0
Intergovernmental	3,478,174	3,344,298	3,344,298	0
Interest	20,000	7,981	7,981	0
Tuition and Fees	273,000	297,242	297,242	0
Rent	0	4,100	4,100	0
Miscellaneous	500	25	25	0
Total Receipts	5,727,324	5,606,522	5,606,522	0
Disbursements				
Current:				
Instruction:				
Regular	2,626,366	2,466,878	2,466,878	0
Special	613,115	591,438	591,438	0
Adult/Continuing	5,000	5,000	5,000	0
Student Intervention Services	0	17,041	17,041	0
Other	175,000	174,787	174,787	0
Support Services:				
Pupils	81,538	83,844	83,844	0
Instructional Staff	275,688	259,542	259,542	0
Board of Education	8,292	8,346	8,346	0
Administration	524,682	501,204	501,204	0
Fiscal	200,894	201,117	201,117	0
Operation and Maintenance of Plant	663,398	479,525	479,525	0
Pupil Transportation	314,990	305,353	305,353	0
Central	6,000	9,000	9,000	0
Extracurricular Activities:				
Sport Oriented Activities	163,160	163,721	163,721	0
Total Disbursements	5,658,123	5,266,796	5,266,796	0
Excess of Receipts Over Disbursements	69,201	339,726	339,726	0
Other Financing Sources (Uses)				
Transfers In	0	2,633	2,633	0
Transfers Out	0	(7,500)	(7,500)	0
Total Other Financing Sources (Uses)	0	(4,867)	(4,867)	0
Net Change in Fund Balances	69,201	334,859	334,859	0
Fund Balance at Beginning of Year	1,520,837	1,520,837	1,520,837	0
Prior Year Encumbrances Appropriated	62,053	62,053	62,053	0
Fund Balance at End of Year	\$ 1,652,091	\$ 1,917,749	\$ 1,917,749	\$ 0

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
June 30, 2010*

	<u>Agency Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 41,953</u>
<i>Total Assets</i>	<u><u>\$ 41,953</u></u>
Net Assets	
Held in Trust for Student Activities	<u>\$ 41,953</u>
<i>Total Net Assets</i>	<u><u>\$ 41,953</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Net Assets - Cash Basis
June 30, 2009*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,747,985
Cash and Cash Equivalents with Fiscal Agents	<u>3,929</u>
<i>Total Assets</i>	<u><u>\$ 2,751,914</u></u>
Net Assets	
Restricted for:	
Debt Service	\$ 205,068
Capital Outlay	768,125
Other Purposes	195,831
Textbooks and Instructional Materials	302,910
BWC Refund	13,557
Bus Purchase	20,511
Unrestricted	<u>1,245,912</u>
<i>Total Net Assets</i>	<u><u>\$ 2,751,914</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

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

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 2,521,446	\$ 288,427	\$ 45,584	\$ 0	\$ (2,187,435)
Special	636,660	2,748	258,733	0	(375,179)
Adult/Continuing	5,000	0	0	0	(5,000)
Student Intervention Services	26,522	0	0	0	(26,522)
Other	175,890	0	10,714	0	(165,176)
Support Services:					
Pupils	89,116	0	0	0	(89,116)
Instructional Staff	297,007	0	46,279	0	(250,728)
Board of Education	8,315	0	0	0	(8,315)
Administration	503,376	0	0	0	(503,376)
Fiscal	251,437	0	5,000	0	(246,437)
Operation and Maintenance of Plant	666,204	0	19,315	0	(646,889)
Pupil Transportation	310,489	0	0	0	(310,489)
Central	6,000	0	0	0	(6,000)
Operation of Non-Instructional Services	49,130	40,122	0	0	(9,008)
Operation of Food Services	217,196	152,109	69,686	0	4,599
Extracurricular Activities	240,298	73,733	0	0	(166,565)
Capital Outlay	482,718	0	0	46,813	(435,905)
Repayment of Debt:					
Principal	140,000	0	0	0	(140,000)
Interest	107,280	0	0	0	(107,280)
Intergovernmental	144,661	0	135,642	0	(9,019)
Total Governmental Activities	\$ 6,878,745	\$ 557,139	\$ 590,953	\$ 46,813	(5,683,840)
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			1,079,084
		Debt Service			242,551
		Capital Projects			123,231
		Income Taxes Levied for:			
		General Purposes			972,446
		Building Maintenance			25,189
		Grants and Entitlements not Restricted to Specific Programs			3,330,308
		Interest			20,125
		Miscellaneous			155
		<i>Total General Receipts</i>			<u>5,793,089</u>
		Change in Net Assets			109,249
		<i>Net Assets - Beginning of Year</i>			<u>2,642,665</u>
		<i>Net Assets - End of Year</i>			<u>\$ 2,751,914</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2009*

	<u>General Fund</u>	<u>OSFC Local/State Share Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,245,912	\$ 615,975	\$ 549,120	\$ 2,411,007
Cash and Cash Equivalents with Fiscal Agent	0	0	3,929	3,929
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>336,978</u>	<u>0</u>	<u>0</u>	<u>336,978</u>
<i>Total Assets</i>	<u><u>\$ 1,582,890</u></u>	<u><u>\$ 615,975</u></u>	<u><u>\$ 553,049</u></u>	<u><u>\$ 2,751,914</u></u>
Fund Balances				
Reserved for:				
Encumbrances	\$ 62,053	\$ 0	\$ 14,820	\$ 76,873
Textbooks and Instructional Materials	302,910	0	0	302,910
Budget Stabilization	13,557	0	0	13,557
Bus Purchases	20,511	0	0	20,511
Unreserved, Designated for Budget Stabilization	34,229	0	0	34,229
Unreserved, Undesignated, Reported in:				
General Fund	1,149,630	0	0	1,149,630
Special Revenue Funds	0	0	181,011	181,011
Debt Service Funds	0	0	205,068	205,068
Capital Projects Funds	<u>0</u>	<u>615,975</u>	<u>152,150</u>	<u>768,125</u>
<i>Total Fund Balances</i>	<u><u>\$ 1,582,890</u></u>	<u><u>\$ 615,975</u></u>	<u><u>\$ 553,049</u></u>	<u><u>\$ 2,751,914</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2009*

	General Fund	OSFC Local/State Share Fund	All Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 1,079,084	\$ 0	\$ 365,782	\$ 1,444,866
Income Taxes	972,446	0	25,189	997,635
Intergovernmental	3,540,498	0	399,986	3,940,484
Interest	20,125	13,232	193	33,550
Tuition and Fees	272,953	0	58,344	331,297
Extracurricular Activities	0	0	73,732	73,732
Customer Sales and Services	0	0	152,110	152,110
Miscellaneous	545	0	14,165	14,710
Total Receipts	5,885,651	13,232	1,089,501	6,988,384
Disbursements				
Current:				
Instruction:				
Regular	2,450,774	0	70,672	2,521,446
Special	584,871	0	51,789	636,660
Adult/Continuing	5,000	0	0	5,000
Student Intervention Services	26,522	0	0	26,522
Other	175,890	0	0	175,890
Support Services:				
Pupils	89,116	0	0	89,116
Instructional Staff	265,835	0	31,172	297,007
Board of Education	8,315	0	0	8,315
Administration	503,376	0	0	503,376
Fiscal	231,711	0	19,726	251,437
Operation and Maintenance of Plant	606,429	0	59,775	666,204
Pupil Transportation	310,489	0	0	310,489
Central	6,000	0	0	6,000
Operation of Non-Instructional Services	3,366	0	45,764	49,130
Operation of Food Services	0	0	217,196	217,196
Extracurricular Activities	161,915	0	78,383	240,298
Capital Outlay	0	299,152	183,566	482,718
Debt Service:				
Principal	0	0	140,000	140,000
Interest	0	0	107,280	107,280
Intergovernmental	0	0	144,661	144,661
Total Disbursements	5,429,609	299,152	1,149,984	6,878,745
Excess of Receipts Over (Under) Disbursements	456,042	(285,920)	(60,483)	109,639
Other Financing Sources (Uses)				
Transfers In	9,793	0	598	10,391
Transfers Out	(598)	0	(9,793)	(10,391)
Refund of Prior Year Receipts	(390)	0	0	(390)
Total Other Financing Sources (Uses)	8,805	0	(9,195)	(390)
Net Change in Fund Balances	464,847	(285,920)	(69,678)	109,249
Fund Balance at Beginning of Year	1,118,043	901,895	622,727	2,642,665
Fund Balance at End of Year	\$ 1,582,890	\$ 615,975	\$ 553,049	\$ 2,751,914

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Cash Receipts, Disbursements and Changes In Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 1,070,165	\$ 1,079,084	\$ 1,079,084	\$ 0
Income Taxes	875,000	972,446	972,446	0
Intergovernmental	3,461,700	3,520,498	3,540,498	20,000
Interest	30,000	20,125	20,125	0
Tuition and Fees	275,000	272,953	272,953	0
Rent	400	0	0	0
Miscellaneous	400	20,545	545	(20,000)
Total Receipts	5,712,665	5,885,651	5,885,651	0
Disbursements				
Current:				
Instruction:				
Regular	2,628,450	2,455,665	2,455,665	0
Special	567,695	584,871	584,871	0
Adult/Continuing	5,000	5,000	5,000	0
Student Intervention Services	0	26,522	26,522	0
Other	180,000	175,890	175,890	0
Support Services:				
Pupils	92,343	90,243	90,243	0
Instructional Staff	207,389	284,750	284,750	0
Board of Education	8,588	8,315	8,315	0
Administration	503,098	503,638	503,638	0
Fiscal	215,999	231,849	231,849	0
Operation and Maintenance of Plant	670,588	633,981	633,981	0
Pupil Transportation	338,511	319,647	319,647	0
Central	0	6,000	6,000	0
Operation of Non-Instructional Services	5,000	3,366	3,366	0
Extracurricular Activities:				
Sport Oriented Activities	154,498	161,925	161,925	0
Total Disbursements	5,577,159	5,491,662	5,491,662	0
Excess of Receipts Over Disbursements	135,506	393,989	393,989	0
Other Financing Sources (Uses)				
Transfers In	0	9,793	9,793	0
Transfers Out	0	(598)	(598)	0
Refund of Prior Year Receipts	0	(390)	(390)	0
Total Other Financing Sources (Uses)	0	8,805	8,805	0
Net Change in Fund Balances	135,506	402,794	402,794	0
Fund Balance at Beginning of Year	1,046,210	1,046,210	1,046,210	0
Prior Year Encumbrances Appropriated	71,833	71,833	71,833	0
Fund Balance at End of Year	\$ 1,253,549	\$ 1,520,837	\$ 1,520,837	\$ 0

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
June 30, 2009*

	<u>Agency Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 41,764
<i>Total Assets</i>	<u>\$ 41,764</u>
Net Assets	
Held in Trust for Student Activities	\$ 41,764
<i>Total Net Assets</i>	<u>\$ 41,764</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Antwerp 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 Paulding County and consists of one facility and is staffed by non-certificated employees and certificated full-time teaching personnel who provide services to students as well as other community members.

A 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 Antwerp Local School District, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with three organizations, which are defined as jointly governed organizations and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, Van Wert Area Schools Consortium Local Professional Development Committee, Ohio School Boards Association Workers' Compensation Group Rating Plan and Paulding County School Consortium's Employee Insurance Benefits Program. These organizations are presented in Notes 12 and 13 to the basic financial statements.

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

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 accepted 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. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School District's accounting policies.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and statement of activities display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program receipts for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which 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 or draws from the general resources 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 statement is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets or fund equity, receipts and disbursements. Funds of the School District are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the School District's major governmental funds for 2010 and 2009:

General Fund	The General Fund is the primary operating fund of the School District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund balance is available to the School District for any purpose provided it is disbursed or transferred according to the general laws of Ohio.
OSFC Local/State Share Fund	This fund accounts for the specific receipts and disbursements related to the construction of the new school building.

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The School District's fiduciary funds include agency funds. Agency funds are custodial in nature (assets equal net assets) and do not involve measurement of results of operations. The School District's agency funds include various student-managed activities.

C. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary disbursements result from encumbrances outstanding at the beginning and end of the fiscal year.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution report, 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 budgetary control established by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds, are made by the Treasurer.

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 appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amount 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 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 difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$47,739 and \$62,053 for 2010 and 2009, respectively.

E. Cash and Cash Equivalents

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

For purposes of financial reporting, investments of the 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 considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 fiscal year 2010 and 2009, the School District invested in STAROhio. STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for at fiscal year end. As of June 30, 2010, the School District had no monies invested in STAROhio.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2010 and 2009 were \$7,981 and \$20,125, which includes \$3,113 and \$8,549 assigned from other School District funds for 2010 and 2009, respectively.

F. Restricted Assets

Assets are reported as restricted when limitation on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the acquisition of textbook and instructional materials or bus purchases and the unspent portion of certain workers' compensation refunds.

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.

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Compensated Absences

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused vacation and sick. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Long-Term Debt

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. The debt proceeds are reported as other financing sources when received and payment of principal and interest reported as disbursements 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 disbursement are reported at inception. Lease payments are reported when paid.

M. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net assets and is displayed in separate components:

1. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursements for specified purposes. At June 30, 2010 and 2009 there was no amount restricted by enabling legislation.
2. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. The School District records reservations for portions of fund equity, which are legally segregated for specific future use or are not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, textbooks and instructional material, bus purchases and budget stabilization. The designation for budget stabilization represents receipts set aside that exceed statutorily required amounts.

N. Interfund Transactions

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

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

O. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant money is received.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Receipts and Disbursements

Program Receipts

In the statement of activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant (buildings), pupil transportation, extracurricular activities, and food service operations.

Q. Changes in Accounting Principles

For the year ended June 30, 2010, the School District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments," and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

GASB Statement No. 51 establishes standards of accounting and financial reporting for intangible assets for all state and local governments. Inconsistencies in the accounting and financial reporting for intangible assets, particularly in the areas of recognition, initial measurement, and amortization, have occurred in practice due to the absence of sufficiently specific authoritative guidance that addresses these questions. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

NOTE 3 - 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 that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States treasury notes, bills, bonds, or other obligations or securities 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. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

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 uninsured public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year ends 2010 and 2009, the carrying amount of the School District's deposits was \$3,264,056 and \$838,880 and the bank balance was \$3,321,750 and \$876,296, respectively. Of the fiscal year end 2010 bank balance, \$2,958,478 was covered by federal depository insurance and \$363,271 was collateralized but uninsured. The entire bank balance was covered by federal depository insurance at June 30, 2009.

At June 30, 2010 and 2009, the School District had \$4,884 and \$3,929, respectively, in cash with fiscal agent held by the Western Buckeye Educational Service Center, which is included on the statement of net assets and the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

Investments

Investments are reported at carrying value. As of June 30, 2010 and 2009, the School District had \$0 and \$1,950,869 invested in STAROhio, respectively.

Interest Rate Risk

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 Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the District.

Credit Risk

The School District's investments at June 30, 2009 in STAROhio are rated AAAM by Standard & Poor's. The School District has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk

The School District places no limit on the amount the district may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. 100 percent of the School District's investments are in STAROhio.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 4 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of the prior December 31. This percentage was reduced to zero in 2009.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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 was eliminated in calendar year 2009, and 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 District due to the phasing out of the tax. In calendar years through 2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

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

The School District receives property taxes from Paulding County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010 and 2009 are available to finance fiscal years 2010 and 2009 operations, respectively. The amount available to be advanced can vary based on the date the tax bills are sent.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 4 - PROPERTY TAXES (continued)

The assessed values upon which fiscal year 2010 and 2009 taxes were collected are:

	2008 Second-Half Collections		2009 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$53,321,600	96%	\$53,530,800	96%
Public Utility	1,927,570	4	1,997,480	4
Tangible Personal Property	<u>\$ 1,289,062</u>	<u>0</u>	<u>88,627</u>	<u>0</u>
Total Assessed Value	<u>\$56,538,232</u>	<u>100%</u>	<u>\$55,616,907</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$45.45		\$45.45	

	2009 Second-Half Collections		2010 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$53,530,800	96%	\$54,751,540	96%
Public Utility	1,997,480	4	2,053,430	4
Tangible Personal Property	<u>88,627</u>	<u>0</u>	<u>83,700</u>	<u>0</u>
Total Assessed Value	<u>\$55,616,907</u>	<u>100%</u>	<u>\$56,888,670</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$45.45		\$45.45	

NOTE 5 – INCOME TAXES

The School District levies a tax of 1.5 percent for general operations and building maintenance on the income of residents and of estates. Of the overall 1.5 percent taxes, 0.75 percent is a 5 year renewable tax last renewed in May, 2010 for fiscal year 2011 taxes and 0.75 percent of the income tax is a continuing tax. The School District decided to legally restrict 0.5 percent of the income tax levy for building maintenance, in lieu of the one-half millage of property tax allocation for these uses.

Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund and Classroom Facilities Maintenance Fund.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal years 2010 and 2009, the School District contracted with Ohio School Plan for property, automotive and general liability coverage.

<u>Ohio School Plan (at Replacement Cost):</u>	<u>2010</u>	<u>2009</u>
Boiler and Machinery (\$1,000 deductible)	\$ 27,206,002	\$ 26,025,100
Crime Insurance (\$1,000 deductible)	25,000	25,000
Automotive		
Liability (\$500 deductible)	3,000,000	3,000,000
Uninsured Motorists	1,000,000	1,000,000
General Liability		
Per Occurrence	3,000,000	3,000,000
Per Year	5,000,000	5,000,000

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

B. Workers' Compensation

For fiscal years 2010 and 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The School District was ineligible for the discounted rates offered by the GRP due to a prior claim liability. The GRP still manages the School District's claims. The firm of Gates McDonald provides administrative, cost control, and actuarial services to the GRP.

C. Health Care Benefits

The School District has contracted through Paulding County School Consortium with Anthem as third party provider to provide employee medical/surgical benefits and also dental benefits. Rates are set through an annual calculation process. The School District and the employees share the cost of the monthly premium.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

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 divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. 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. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal years ended June 30, 2010 and 2009, plan members were required to contribute 10 percent of their annual covered salaries. For fiscal years 2010 and 2009, the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the 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 employer contributions.

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$308,338, \$287,624, and \$219,531, respectively; 84 percent has been contributed for fiscal year 2010, and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal years 2010 and 2009 were \$996 and \$22 made by the School District and \$1,394 and \$575 made by the plan members, respectively.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 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.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

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. For fiscal year 2010, it was determined the employer contribution rate to pension and death benefits to be 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate was allocated to the Health Care and Medicare B Funds. For fiscal year 2009, it was determined the employer contribution rate to pension and death benefits to be 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate was allocated to the Health Care and Medicare B Funds. 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 School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$66,556, \$47,989, and \$84,936 respectively. The School District has paid all contributions required through June 30, 2010 and 2009, respectively.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010 and 2009, no members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 8 - POST EMPLOYMENT 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 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.

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, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. The 14 percent employer contribution rate is the maximum rate established under Ohio law. The School District's contributions for post employment health care for fiscal years ended June 30, 2010, 2009 and 2008 were \$23,718, \$22,125 and \$15,681, respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2009 (the latest information available), the balance in the Fund was \$2.7 billion. For the fiscal year ended June 30, 2009, net health care costs paid by STRS Ohio were \$298,111,000 and STRS Ohio had 129,659 eligible benefit recipients.

**Antwerp Local School District
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*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 8 - POST EMPLOYMENT BENEFITS (continued)

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 Part 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 years 2010 and 2009 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 years 2010 and 2009, the actuarially required allocation was 0.76 percent and 0.75 percent, respectively. The School District's contributions for the fiscal years ended June 30, 2010, 2009 and 2008 were \$3,958, \$3,959 and \$4,125, which equaled the required contributions each year.

Health Care Plan

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 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. For the years ended June 30, 2010 and 2009, the health care allocation was 0.46 percent and 4.16 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 years 2010 and 2009, 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. The School District's contributions assigned to health care fund for the fiscal years ended June 30, 2010, 2009, and 2008 were \$11,411, \$31,378 and \$24,753, respectively.

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

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 9 - EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining personal and sick leave components are derived from negotiated agreements and State laws. Classified employees earn vacation each fiscal year, depending upon length of service. Accumulated, unused personal time is paid to classified employees and administrators upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of 15 days per year that may be accumulated up to a total of 235 days. Personal days are earned at the rate of 3 days per year.

NOTE 10 - DEBT

The changes in the School District's long-term obligations during fiscal years 2010 and 2009 were as follows:

	<u>Interest Rate</u>	<u>Principal Outstanding 6/30/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/2010</u>	<u>Due Within One Year</u>
General Obligations						
2002 Bond Issue						
Current Interest	2.46-4.75%	\$2,270,000	\$ 0	\$ 145,000	\$2,125,000	\$ 155,000
Capital Appreciation	4.55-4.65%	85,998	0	0	85,998	0
Accretion of Interest		156,288	19,536	0	175,824	0
Total General Obligations		<u>\$2,512,286</u>	<u>\$ 19,536</u>	<u>\$ 145,000</u>	<u>\$2,386,822</u>	<u>\$ 155,000</u>
	<u>Interest Rate</u>	<u>Principal Outstanding 6/30/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/2009</u>	<u>Due Within One Year</u>
General Obligations						
2002 Bond Issue						
Current Interest	2.46-4.75%	\$2,410,000	\$ 0	\$ 140,000	\$2,270,000	\$ 145,000
Capital Appreciation	4.55-4.65%	85,998	0	0	85,998	0
Accretion of Interest		136,752	19,536	0	156,288	0
Total General Obligations		<u>\$2,632,750</u>	<u>\$ 19,536</u>	<u>\$ 140,000</u>	<u>\$2,512,286</u>	<u>\$ 145,000</u>

2002 Various Purpose General Obligation Bonds - In 2002, the School District issued \$3,260,998 in voted general obligation bonds for the acquisition, construction, and improvement to buildings and structures. Current interest serial bonds, current interest term bonds, and capital appreciation bonds in the amount of \$1,365,000, \$1,810,000, and \$85,998, respectively, were issued. The bonds are being retired from the Bond Retirement debt service fund.

The current interest serial bonds will continue maturing on each December 1 through fiscal year 2012.

The capital appreciation bonds will mature on December 1 in fiscal years 2013 and 2014 and are not subject to redemption prior to maturity. The maturity amount of the bonds is \$330,000. For fiscal years 2010 and 2009, \$19,536 and \$19,536 was accreted for a total capital appreciation bond value of \$261,822 and \$242,286, respectively.

The current interest term bonds maturing on December 1, 2018 and 2022 will be subject to optional redemption prior to stated maturity and will be subject to mandatory sinking fund redemption prior to stated maturity. The remaining principal amount of the bonds due December 1, 2018 and 2022, respectively, is to be paid at stated maturity.

For fiscal years 2010 and 2009, the School District's voted legal debt margin was \$2,964,802 and \$2,698,304 with an unvoted debt margin of \$56,889 and \$55,617, respectively.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 10 – DEBT (continued)

Future principal and interest requirements as of June 30, 2010 and 2009 are as follows:

Fiscal Year Ending <u>June 30, 2010</u>	2002 Current <u>Interest Bonds</u>	2002 Capital <u>Appreciation</u>	Interest/ <u>Accretion</u>	<u>Total</u>
2011	\$ 155,000	\$ 0	\$ 95,754	\$ 250,754
2012	160,000	0	89,295	249,295
2013	0	45,467	205,508	250,975
2014	0	40,531	210,444	250,975
2015	165,000	0	82,056	247,056
2016-2020	955,000	0	281,556	1,236,556
2021-2023	690,000	0	50,113	740,113
Total	<u>\$ 2,125,000</u>	<u>\$ 85,998</u>	<u>\$ 1,014,726</u>	<u>\$ 3,225,724</u>

Fiscal Year Ending <u>June 30, 2009</u>	2002 Current <u>Interest Bonds</u>	2002 Capital <u>Appreciation</u>	Interest/ <u>Accretion</u>	<u>Total</u>
2010	\$ 145,000	\$ 0	\$ 101,756	\$ 246,756
2011	155,000	0	95,754	250,754
2012	160,000	0	89,295	249,295
2013	0	45,467	205,508	250,975
2014	0	40,531	210,444	250,975
2015-2019	910,000	0	325,850	1,235,850
2020-2023	900,000	0	87,875	987,875
Total	<u>\$ 2,270,000</u>	<u>\$ 85,998</u>	<u>\$ 1,116,482</u>	<u>\$ 3,472,480</u>

NOTE 11 - STATUTORY RESERVES

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal years 2010 and 2009, only the unspent portion of certain workers' compensation refunds is required to be set aside at fiscal year end.

During the fiscal years ended June 30, 2010 and 2009, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Set-aside balance as of June 30, 2009	\$ 302,910	\$ 0	\$ 13,557
Current Year Required Set-Aside	102,110	102,110	0
Current Year Offsets	0	(147,744)	0
Current Year Qualifying Disbursements	(25,430)	(148,770)	0
Total	<u>\$ 379,590</u>	<u>\$ (194,404)</u>	<u>\$ 13,557</u>
Set-aside balance carried forward to FY 2011	<u>\$ 379,590</u>		<u>\$ 13,557</u>
Prior Year Offsets carried forward		<u>\$(3,235,276)</u>	
Offset balance carried forward to FY 2011		<u>\$(3,235,276)</u>	

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 11 - STATUTORY RESERVES (continued)

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Set-aside balance as of June 30, 2008	\$ 219,480	\$ 0	\$ 13,557
Current Year Required Set-Aside	105,512	105,512	0
Current Year Offsets	0	(148,420)	0
Current Year Qualifying Disbursements	(22,082)	(9,775)	0
Total	<u>\$ 302,910</u>	<u>\$ (52,683)</u>	<u>\$ 13,557</u>
Set-aside balance carried forward to FY 2010	<u>\$ 302,910</u>		<u>\$ 13,557</u>
Prior Year Offsets carried forward		<u>\$(3,235,276)</u>	
Offset balance carried forward to FY 2010		<u>\$(3,235,276)</u>	

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for capital maintenance. Ohio Revised Code 3315.17 allows for the extra amount to carryover into future years for textbooks. For capital acquisitions, a portion of this extra amount, which represents proceeds from bonds, \$3,235,276, may be used to reduce the set-aside requirements for future years. The Budget Stabilization set-aside above represents the portion designated from workers compensation refunds. The Board has designated an additional \$34,229 for budget stabilization.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed 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. Each of the governments of these schools supports NOACSC based on a per pupil charge dependent on the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2010 and 2009, the School District paid \$8,256 and \$4,902 to NOACSC for various services, respectively. Financial information can be obtained by contacting Ray Burden, Director, 645 South Main Street, Lima, Ohio 45804.

Vantage Career Center - The Vantage Career Center, which provides vocational education to students, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, and it possesses its own budgeting and taxing authority. To obtain financial information, write to the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

Van Wert Area Schools Consortium Local Professional Development Committee - The School District is a participant in the Van Wert Area Schools Consortium Local Professional Development Committee (the Committee), which is a regional council of governments established to provide professional educator license renewal standards and procedures. The Committee is governed by a Board made up of teachers from Crestview Local School District, Lincolnview Local School District, Vantage Career Center, Western Buckeye Educational Service Center, Thomas Edison MRDD, and principals from districts of the consortium. The degree of control exercised by any participating district is limited to its representation on the Board. To obtain financial information, write to the Western Buckeye Educational Service Center, 216 Central Avenue, Van Wert, Ohio 45891.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 13 - GROUP PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in a group rating plan (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Ohio School Boards Association (OSBA) as a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, President-Elect, and Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating Districts pay an enrollment fee to cover the costs of administering the program.

Paulding County School Consortium's Employee Insurance Benefits Program - The School District participates in the Paulding County School Consortium's Employee Insurance Benefits Program (Program), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Program is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program to maintain adequate insurance protection and provide risk management programs and other administrative services for medical and dental insurance coverage to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors, which advises the Trustee, Huntington Trust, concerning aspects of the administration of the Program. Members are Antwerp Local School District, Paulding Exempted Village Schools, and Wayne Trace Local School District. Monies are paid monthly to Reliance Financial Services, which holds and invests funds for the Consortium and makes payments to Anthem Insurance which acts as the TPA for administration of the policies.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Program is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Jim Durre, 405 North Water Street, Paulding, Ohio 45879.

NOTE 14 - TRANSFERS

During the year ended June 30, 2010 and 2009, the following transfers in and out occurred:

<u>Fund as of June 30, 2010</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds		
General Fund	\$ 2,633	\$ 7,500
All Other Governmental Funds		
Preschool	7,500	0
Title II-A	0	2,633
Total All Other Governmental Funds	<u>10,133</u>	<u>10,133</u>
 Total All	 <u>\$ 10,133</u>	 <u>\$ 10,133</u>
 <u>Fund as of June 30, 2009</u>	 <u>Transfer In</u>	 <u>Transfer Out</u>
Governmental Funds		
General Fund	\$ 9,793	\$ 598
All Other Governmental Funds		
21 st Century Grant	531	0
Preschool	0	3,500
Title I	0	6,293
Title IV	56	0
Title II-D	11	0
Total All Other Governmental Funds	<u>598</u>	<u>9,793</u>
 Total All	 <u>\$ 10,391</u>	 <u>\$ 10,391</u>

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Years Ended June 30, 2010 and June 30, 2009*

NOTE 14 – TRANSFERS (continued)

Transfers from the General Fund to other governmental funds were made to move unrestricted balances to support programs and projects accounted for in other funds. The fiscal year 2010 transfer from Title II-A to General Fund and the fiscal year 2009 transfers from Preschool and Title I to General Fund were transfers of residual grant balances in accordance with Ohio Revised Code Section 5705.14(B).

NOTE 15 - CONTINGENCIES

Grants - The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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. 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, 2010 and 2009.

NOTE 16 – CONTRACTUAL COMMITMENT

As of June 30, 2010, the school district had the following contractual commitment:

<u>Vendor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 6/30/10</u>
Bornor Restoration, Inc.	Roof Repairs	\$37,400	\$ 0	\$37,400

As of June 30, 2009, the school district had the following contractual commitment:

<u>Vendor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 6/30/09</u>
Miller Contracting Group, Inc.	Bus Barn Construction	\$610,500	\$ 610,100	\$400

NOTE 17 – ACCOUNTABILITY AND COMPLIANCE

Ohio Administrative Code Section 117-2-03 requires the Service Center to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal years 2010 and 2009, the School District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

September 29, 2010

To the Board of Education
Antwerp Local School District
Antwerp, Ohio 45813

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Antwerp Local School District (the School District) as of and for the years ended June 30, 2010 and June 30, 2009, and have issued our report thereon dated September 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain matters that we reported to management of School District in a separate letter dated September 29, 2010.

Antwerp Local School District
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 2010-01.

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

This report is intended solely for the information and use of the School District's Board of Education and management and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**
Schedule of Findings
Fiscal Years Ended June 30, 2010 and June 30, 2009

1. Summary of Auditor's Results
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies identified that are not considered to be material weaknesses?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

FINDING 2010-01 (Repeat from FY08)

Material Noncompliance Citation

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepared its financial statements for fiscal years 2010 and 2009 in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised 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 annual financial reports in accordance with generally accepted accounting principles.

Management's Response: No corrective action will be implemented. The School District plans to continue reporting on the cash basis.

ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY
Schedule of Prior Audit Findings
Fiscal Years Ended June 30, 2010 and June 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-01	OAC §117-2-03 (B) -- Failure to prepare and file GAAP basis annual financial statements	No	Not Corrected – The District plans to continue reporting on the cash basis.
2008-02	ORC §5705.39 – Total appropriations in excess of estimated revenue	Yes	



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

September 29, 2010

Antwerp Local School District
303 S. Harrmann Road
Antwerp, Ohio 45813

To the Board of Education:

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on April 17, 2003.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

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

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

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

Rea & Associates, Inc.

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Mary Taylor, CPA
Auditor of State

ANTWERP LOCAL SCHOOL DISTRICT

PAULDING 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
DECEMBER 23, 2010**