

**ANSONIA LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SINGLE AUDIT FISCAL YEAR 2010  
REGULAR AUDIT FISCAL YEAR 2009**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Ansonia Local School District, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period July 1, 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 Ansonia Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

January 26, 2011



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**DARKE COUNTY**  
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**MANNING & ASSOCIATES CPAs, LLC**  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45413-0449

**INDEPENDENT AUDITORS' REPORT**

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ansonia Local School District, Darke County, (the School District), as of and for the years ended June 30, 2010 and 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 audit.

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

Ohio Administrative Code §117-2-03 (B) requires the 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 accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ansonia Local School District, Darke County, as of June 30, 2010 and 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures for the fiscal year ended June 30, 2010, is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Manning & Associates CPAs, LLC  
Dayton, Ohio

November 18, 2010



**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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This discussion and analysis of the Ansonia Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Highlights**

Key highlights for fiscal year 2010 are as follows:

- Total net assets were \$1,364,873. For fiscal year 2010 net assets decreased \$33,100 or approximately 2 percent from the previous year.
- General receipts accounted for \$6,883,263 or 78.4 percent of all receipts. Program specific receipts in the form of charges for services, grants, contributions, and interest accounted for \$1,892,555, or 21.6 percent of total receipts.
- The School District had \$8,808,918 in disbursements related to governmental activities; only \$1,892,555 of these disbursements were offset by program specific charges for services, grants, contributions and interest. General receipts of \$6,883,263 were not adequate to offset the remainder of these programs causing the decrease in net assets of \$33,100.
- The School District's major funds for fiscal year 2010 were the General Fund and the Bond Retirement Fund. The General Fund balance decreased by \$83,655 and the Bond Fund increased by \$66,922.
- During fiscal year 2010, the School District issued \$1,394,999 in general obligation bonds to advance refund a portion of the 2000 bonds.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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**Using the Basic Financial Statements**, (Continued)

**Basis of Accounting**

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

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

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for the School District's programs. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

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

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

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

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

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

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

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

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009 on a cash basis:

	Table 1	
	Net Assets	
	Governmental Activities	
	FY 2010	FY 2009
<b>Assets</b>		
Equity in Pooled Cash, Cash Equivalents and Investments	\$1,364,873	\$1,397,973
<b>Total Assets</b>	1,364,873	1,397,973
<b>Net Assets</b>		
Restricted for:		
Debt Service	282,390	215,468
Capital Outlay	82,713	50,613
Other Purposes	409,243	432,977
Unrestricted	590,527	698,915
<b>Total Net Assets</b>	\$1,364,873	\$1,397,973

Total net assets decreased \$33,100 or 2.4 percent during fiscal year. Program receipts increased \$231,724 or 14 percent. General receipts excluding bond issuance and costs decreased \$194,242 or 3.5 percent. Income taxes have steadily decreased over the past three years due to economic conditions. Expenditures excluding debt related outlays have remained stable.

**Ansonia Local School District**  
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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
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Table 2 reflects the changes in net assets in fiscal year 2010 and a comparative balance to fiscal year 2009.

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

	Governmental Activities	
	FY 2010	FY 2009
Receipts:		
<i>Program Receipts:</i>		
Charges for Services	\$990,581	\$972,848
Operating Grants and Contributions	901,974	687,983
Total Program Receipts	<u>1,892,555</u>	<u>1,660,831</u>
General Receipts:		
Property and Other Local Taxes	1,272,044	1,291,049
Income Taxes	385,038	428,072
Grants and Entitlements Not Restricted to Specific Programs	3,670,631	3,768,478
Earnings on Investments	7,386	28,161
Miscellaneous	8,311	21,892
Premium on refunding Bond Issued	144,854	0
Refunding Bonds Issued	1,394,999	0
Total General Receipts	<u>6,883,263</u>	<u>5,537,652</u>
Total Receipts	<u>8,775,818</u>	<u>7,198,483</u>
<i>Program Disbursements:</i>		
Instruction:		
Regular	2,757,007	2,651,877
Special	871,594	889,609
Vocational	210,620	230,567
Other	280,201	258,854
Support Services:		
Pupil	400,329	349,837
Instructional Staff	333,059	398,112
Board of Education	53,611	57,568
Administration	567,336	561,739
Fiscal	153,410	175,862
Business	933	927
Operation and Maintenance of Plant	553,452	541,844
Pupil Transportation	406,654	438,504
Central	23,656	18,244
Operation of Non-instructional Services	278,757	304,550
Extracurricular Activities	216,506	240,688
Debt Service: Principal	115,000	110,000
Payment to Refunded Bond Escrow Agent	1,497,973	0
Interest	46,940	90,600
Issuance Costs	41,880	0
Total Disbursements	<u>8,808,918</u>	<u>7,319,382</u>
Increase (Decrease) in Net Assets	(33,100)	(120,899)
Net Assets, January 1	<u>1,397,973</u>	<u>1,518,872</u>
Net Assets, December 31	<u>\$1,364,873</u>	<u>\$1,397,973</u>

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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**Governmental Activities**

The largest source of receipts for governmental activities is unrestricted grants and entitlements which accounted for about 53.3 percent of the total cash received during the year. Property and income taxes accounted for 18.8 percent of receipts. The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property tax valuation increases thus generating about the same revenue. The School District currently has a .75 percent continuing income tax. This is approximately 4.4 percent of revenues for governmental activities for year.

Instruction accounted for approximately 46.8 percent of total cash disbursements for fiscal year 2010, with Regular Instruction making up the largest share at about 31.3 percent of total disbursements. Pupil and instructional staff support services accounted for about 8.3 percent of total disbursements. Board of education, administration, fiscal and business disbursements accounted for another 8.8 percent of disbursements. Operation and maintenance of plant disbursements were about 6.3 percent of total disbursements. Operation of non-instructional services, which includes food services costs, accounted for 3.2 percent of total disbursements. Pupil transportation accounted for about 4.6 percent of total disbursements and extracurricular activities accounted for about 2.5 percent of total disbursements. The remainder of disbursements was for debt service and other.

**Statement of Activities**

If you look at the Statement of Activities, you will see that the first column lists the major activities of the School District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identify, in general, the source of the receipts. The amounts are either paid by people who are directly charged for the service or grants and contributions received by the School District that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3, along with the same information for fiscal year 2009. That is, it identifies the cost of these services supported by taxes, unrestricted State entitlements and investment earnings.

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
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(Table 3)  
**Governmental Activities**

	FY 10		FY 09	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:				
Regular	\$2,757,007	\$2,061,571	\$2,651,877	\$2,026,969
Special	871,594	517,453	889,609	654,592
Vocational	210,620	139,165	230,567	167,600
Other	280,201	280,201	258,854	258,854
Support Services:				
Pupil	400,329	182,591	349,837	208,123
Instructional Staff	333,059	242,880	398,112	335,707
Board of Education	53,611	53,611	57,568	57,568
Administration	567,336	480,833	561,739	415,007
Fiscal	153,410	153,410	175,862	175,862
Business	933	933	927	927
Operation and Maintenance of Plant	553,452	553,452	541,844	541,844
Pupil Transportation	406,654	346,854	438,504	374,403
Central	23,656	23,656	18,244	18,244
Operation of Non-Instructional Services	278,757	25,489	304,550	(18,437)
Extracurricular Activities	216,506	152,471	240,688	240,688
Debt Service: Principal	115,000	115,000	110,000	110,000
Payment to Refunded Escrow Agent	1,497,973	1,497,973	0	0
Interest	46,940	46,940	90,600	90,600
Issuance Costs	41,880	41,880	0	0
Total Disbursements	<u>\$8,808,918</u>	<u>\$6,916,363</u>	<u>\$7,319,382</u>	<u>\$5,658,551</u>

Charges for services and operating grants of approximately 21.6 percent of total cash receipts were received and used to fund the expenses of the School District. The remaining 78.4 percent of cash receipts were from taxes, unrestricted State entitlements, investment earnings and miscellaneous receipts. The School District relies on these receipts to furnish the services it provides to students.

**The School District's Funds**

During fiscal year 2010, the School District had two major funds; the General Fund and Bond Retirement Fund. All governmental funds had total receipts of \$8,775,818 and total disbursements of \$8,808,918. The General Fund had an unreserved fund balance of \$485,954 at the end of the 2010 fiscal year. The greatest change within the funds during the 2010 fiscal year occurred within the General Fund which saw a decrease of \$83,655 in fund balance due to general decrease in receipts. The School District reduced costs to help compensate the decrease in receipts.

**Major Funds Budgeting Highlights**

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

During the course of the 2010 fiscal year, the School District amended its General Fund budget as needed. Final appropriations were budgeted at \$5,950,155, while actual expenditures plus encumbrances were \$5,950,166.

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2010*  
*Unaudited*

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**Capital Assets**

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

**Debt**

At June 30, 2010, the School District had \$1,460,026 outstanding in general obligation bonds. These bonds are being paid through the Bond Retirement Fund with property tax revenue. During fiscal year 2010, the School District advance refunded a portion of the general obligation bonds in order to take advantage of lower interest rates to achieve interest savings. For more information on the School District's debt see Note 11 of the notes to the basic financial statements.

**Current Financial Issues and Concerns**

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

**Contacting the School District's Financial Management**

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

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**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Net Assets - Cash Basis*  
*June 30, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$1,364,873</u>
<i>Total Assets</i>	<u><u>\$1,364,873</u></u>
<b>Net Assets</b>	
Restricted for:	
Debt Service	\$282,390
Capital Outlay	82,713
Other Purposes	409,243
Unrestricted	<u>590,527</u>
<i>Total Net Assets</i>	<u><u>\$1,364,873</u></u>

See accompanying notes to the basic financial statements.

**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2010*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$2,757,007	\$569,929	\$125,507	(\$2,061,571)
Special	871,594	80,814	273,327	(517,453)
Vocational	210,620	0	71,455	(139,165)
Other	280,201	0	0	(280,201)
Support Services:				
Pupil	400,329	0	217,738	(182,591)
Instructional Staff	333,059	0	90,179	(242,880)
Board of Education	53,611	0	0	(53,611)
Administration	567,336	79,183	7,320	(480,833)
Fiscal	153,410	0	0	(153,410)
Business	933	0	0	(933)
Operation and Maintenance of Plant	553,452	0	0	(553,452)
Pupil Transportation	406,654	56,098	3,702	(346,854)
Central	23,656	0	0	(23,656)
Operation of Non-Instructional Services	278,757	145,930	107,338	(25,489)
Extracurricular Activities	216,506	58,627	5,408	(152,471)
Debt Service:				
Principal	115,000	0	0	(115,000)
Interest	46,940	0	0	(46,940)
Issuance Costs	41,880	0	0	(41,880)
Payment to Refunded Bond Escrow Agent	1,497,973	0	0	(1,497,973)
<b>Totals</b>	<b>8,808,918</b>	<b>990,581</b>	<b>901,974</b>	<b>(6,916,363)</b>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				1,009,419
Debt Service				201,239
Capital Outlay				40,924
Classroom Maintenance				20,462
Income Taxes Levied for General Purposes				385,038
Grants and Entitlements not Restricted to Specific Programs				3,670,631
Interest				7,386
Miscellaneous				8,311
Premium on Refunding Bond Issued				144,854
Refunding Bonds Issued				1,394,999
<i>Total General Receipts</i>				<b>6,883,263</b>
Change in Net Assets				(33,100)
<i>Net Assets Beginning of Year</i>				1,397,973
<i>Net Assets End of Year</i>				<b>\$1,364,873</b>

See accompanying notes to the basic financial statements.

**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*As of June 30, 2010*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash, Cash Equivalents and Investments	\$590,527	\$282,390	\$250,770	\$1,123,687
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	241,186	0	0	241,186
<i>Total Assets</i>	<u>\$831,713</u>	<u>\$282,390</u>	<u>\$250,770</u>	<u>\$1,364,873</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	104,573	0	48,554	153,127
Reserved for Textbooks and Instructional Materials	67,191	0	0	67,191
Reserved for School Bus Purchase	118,497	0	0	118,497
Reserved for Budget Stabilization	55,498	0	0	55,498
Unreserved:				
Undesignated, Reported in:				
General Fund	485,954	0	0	485,954
Special Revenue Funds	0	0	126,985	126,985
Debt Service Fund	0	282,390	0	282,390
Capital Projects Funds	0	0	75,231	75,231
<i>Total Fund Balances</i>	<u>831,713</u>	<u>282,390</u>	<u>250,770</u>	<u>1,364,873</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$831,713</u>	<u>\$282,390</u>	<u>\$250,770</u>	<u>\$1,364,873</u>

See accompanying notes to the basic financial statements.

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

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$1,009,419	\$201,239	\$61,386	\$1,272,044
Income Tax	385,038	0	0	385,038
Intergovernmental	3,674,425	32,554	857,187	4,564,166
Interest	7,386	0	849	8,235
Tuition and Fees	668,512	0	54,755	723,267
Extracurricular Activities	0	0	121,284	121,284
Contributions and Donations	0	0	6,490	6,490
Charges for Services	0	0	145,930	145,930
Miscellaneous	9,411	0	100	9,511
<i>Total Receipts</i>	<u>5,754,191</u>	<u>233,793</u>	<u>1,247,981</u>	<u>7,235,965</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	2,574,412	0	182,595	2,757,007
Special	602,045	0	269,549	871,594
Vocational	210,620	0	0	210,620
Other	276,335	0	3,866	280,201
Support Services:				
Pupil	182,660	0	217,669	400,329
Instructional Staff	222,373	0	110,686	333,059
Board of Education	53,611	0	0	53,611
Administration	493,269	0	74,067	567,336
Fiscal	146,977	4,931	1,502	153,410
Business	933	0	0	933
Operation and Maintenance of Plant	496,737	0	56,715	553,452
Pupil Transportation	403,652	0	3,002	406,654
Central	23,656	0	0	23,656
Operation of Non-Instructional Services	0	0	278,757	278,757
Extracurricular Activities	152,313	0	64,193	216,506
Debt Service:				
Principal	0	115,000	0	115,000
Interest	0	46,940	0	46,940
Issuance Costs	0	41,880	0	41,880
<i>Total Disbursements</i>	<u>5,839,593</u>	<u>208,751</u>	<u>1,262,601</u>	<u>7,310,945</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(85,402)</u>	<u>25,042</u>	<u>(14,620)</u>	<u>(74,980)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	7,747	0	6,000	13,747
Advances Out	(6,000)	0	(7,747)	(13,747)
Refunding Bonds Issued	0	1,394,999	0	1,394,999
Premium on Refunding Bonds Issued	0	144,854	0	144,854
Payment to Refunded Bond Escrow Agent	0	(1,497,973)	0	(1,497,973)
<i>Total Other Financing Sources (Uses)</i>	<u>1,747</u>	<u>41,880</u>	<u>(1,747)</u>	<u>41,880</u>
<i>Net Change in Fund Balances</i>	<u>(83,655)</u>	<u>66,922</u>	<u>(16,367)</u>	<u>(33,100)</u>
<i>Fund Balances Beginning of Year</i>	<u>915,368</u>	<u>215,468</u>	<u>267,137</u>	<u>1,397,973</u>
<i>Fund Balances End of Year</i>	<u><u>\$831,713</u></u>	<u><u>\$282,390</u></u>	<u><u>\$250,770</u></u>	<u><u>\$1,364,873</u></u>

See accompanying notes to the basic financial statements.

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$980,315	\$1,009,419	\$1,009,419	\$0
Income Taxes	415,000	385,038	385,038	0
Intergovernmental	3,670,500	3,674,352	3,674,425	73
Tuition and Fees	668,300	668,006	668,512	506
Interest	25,000	7,383	7,386	3
Gifts and Donations	52,100	0	0	0
Miscellaneous	0	9,411	9,411	0
<i>Total Revenues</i>	<u>5,811,215</u>	<u>5,753,609</u>	<u>5,754,191</u>	<u>582</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	2,668,438	2,577,592	2,577,592	0
Special	878,664	602,626	602,629	(3)
Vocational	211,047	212,876	212,877	(1)
Other	247,510	278,395	278,395	0
Support Services:				
Pupil	208,747	183,783	183,785	(2)
Instructional Staff	231,676	230,968	230,969	(1)
Board of Education	59,375	54,010	54,011	(1)
Administration	479,630	495,203	495,203	0
Fiscal	183,496	148,228	148,229	(1)
Business	1,000	933	933	0
Operation and Maintenance of Plant	522,150	515,594	515,594	0
Pupil Transportation	468,056	466,847	466,849	(2)
Central	22,388	24,788	24,787	1
Extracurricular Activities	180,557	152,312	152,313	(1)
<i>Total Expenditures</i>	<u>6,362,734</u>	<u>5,944,155</u>	<u>5,944,166</u>	<u>(11)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(551,519)</u>	<u>(190,546)</u>	<u>(189,975)</u>	<u>571</u>
<b>Other Financing Sources (Uses):</b>				
Advances In	0	7,747	7,747	0
Advances Out	0	(6,000)	(6,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>1,747</u>	<u>1,747</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(551,519)</u>	<u>(188,799)</u>	<u>(188,228)</u>	<u>571</u>
<i>Fund Balance Beginning of Year</i>	818,095	818,095	818,095	0
Prior Year Encumbrances Appropriated	97,273	97,273	97,273	0
<i>Fund Balance End of Year</i>	<u>\$363,849</u>	<u>\$726,569</u>	<u>\$727,140</u>	<u>\$571</u>

See accompanying notes to the basic financial statements.

**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*June 30, 2010*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$19,837</u></u>
<b>Liabilities</b>	
Held for Students	<u><u>\$19,837</u></u>

See accompanying notes to the basic financial statements.

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**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

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

The School District is located in Darke County and includes the entire Village of Ansonia, New Weston, and Rossburg, all of Brown Township, and portions of Allen, Richland, Wabash and York townships. It is staffed by 35 classified employees, 52 certified teaching personnel, and 10 administrative employees who provide services to approximately 675 students and other community members. The School District currently operates 1 instructional building, 1 bus garage and 1 administrative facility.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Ansonia Local School District has no component units.

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

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are presented in Notes 13 and 14 to the basic financial statements. These organizations are:

**Jointly Governed Organizations:**

Metropolitan Dayton Educational Cooperative Association  
Southwestern Ohio Educational Purchasing Council  
Southwestern Ohio Instructional Technology Association

**Insurance Purchasing Pools:**

Southwestern Ohio Educational Purchasing Council Workers’ Compensation Group  
Rating Plan  
Southwestern Ohio Educational Purchasing Council Medical Benefits Plan



**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

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

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide financial statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The School District does not have any business-type activities.

The statement of net assets presents the cash balances, of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services and 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. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the School District's general receipts.

**Fund Financial Statements**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

**B. Fund Accounting**

**Governmental Funds**

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The School District's major governmental funds for the 2009 fiscal year were the General and Bond Retirement funds.

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

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

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

**Fiduciary Funds**

Fiduciary funds account for cash and investments where the School District is acting as a trustee or fiscal agent for other entities or individuals. Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets the School District holds under trust agreements for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature, where the School District deposits and pays cash as directed by another entity or individual. The School District's agency funds account for student-managed activities' cash.

**C. Basis of Accounting**

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

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the function level for the General Fund and the fund level for all other funds.

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

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

**E. Cash and Investments**

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

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

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

During 2010, the School District invested in Star Ohio and money market accounts. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 was \$7,386, including \$2,918 assigned from other School District funds.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

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

**J. Accumulated Leave**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

**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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-term Obligations**

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

**M. Net Assets**

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

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

**N. Fund Balance Designations and Reserves**

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Fund equity reserves have been established for encumbrances, school bus purchase and textbooks and instructional materials. The reserve for school bus purchases represents money required to be spent on bus purchases and the reserve for textbooks and instructional materials represents money required to be set-aside by state Statute to purchase textbooks and instructional materials. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved. The reserve for textbooks represents money required to be set-aside by state statute for the purchase of textbooks and instructional materials.

**O. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures in the respective funds.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General Fund:

	<u>FY 2010</u>
Cash Basis	\$ (83,655)
Less Adjustment for Encumbrances	(104,573)
Budget Basis	<u>\$ (188,228)</u>

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution. Interim monies may be deposited or invested in the following securities:

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 4 – DEPOSITS AND INVESTMENTS** (Continued)

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

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

Deposits

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

At June 30, 2010, the book balance of the School Districts deposits was \$252,223 and the bank balance was \$269,520. All of the School District's deposits were insured by federal depository insurance, based on the criteria described in GASB Statement 40, "Deposits and Investment Risk Disclosures."

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 4 – DEPOSITS AND INVESTMENTS** (Continued)

Investments

As of June 30, 2010 the School District had the following investments:

Investments	Maturities	Carrying Value
STAR Ohio	Average	\$1,126,252
5 <sup>th</sup> /3 <sup>rd</sup> Maxsaver	Average	6,235
Total Investments		\$1,132,487

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

**Credit Risk** - The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAR Ohio is rated AAAM by Standards and Poor’s.

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

**Concentration of Risk** – The School District places no limits on the amount the School District may invest in any one issuer.

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax receipts received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.





**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 7 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2010, the School District contracted for property and fleet, liability, boiler and machinery, crime, and inland marine insurance. The coverage is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$ 18,322,459
Inland Marine Coverage (\$500 deductible)	3,285,231
Boiler and Machinery - Included in Building and Contents	
Automobile Liability (\$250 comprehensive deductible) (\$500 collision deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Limit	2,000,000

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

**Workers' Compensation**

For fiscal year 2010, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the GRP.

**Employee Medical Benefits**

For fiscal year 2010, the School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 14). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 8 - 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 public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$405,595, \$400,952 and \$396,747 respectively; 83 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 year 2010, were \$12,371 made by the School District and \$8,837 made by the plan members.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

**B. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$118,369, \$85,575 and \$77,209 respectively; 46 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining member has elected the School Employees Retirement System.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009 and 2008 were \$31,230, \$30,842 and \$30,519 respectively; 83 percent has been contributed for fiscal year 2010 and the full amount has been contributed for fiscal years 2009 and 2008.

**B. School Employees Retirement System**

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105e. For 2010, 4.16 percent of covered payroll was allocated to health care.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009 and 2008 were \$18,081, \$52,983, and \$52,802, respectively. The full amount has been contributed for those years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009 and 2008 were \$7,040, \$7,061, and \$5,563, respectively; 46 percent has been contributed for fiscal year 2010 and the full amount has been contributed for fiscal years 2009 and 2008.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Insurance Benefits**

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

**C. Deferred Compensation Plan**

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/09	Additions	Reductions	Principal Outstanding 6/30/10	Maturity Due in One Year
Class Facilities Bonds 2000 5.0%	\$ 1,678,000	\$ 0	\$ 1,510,000	\$ 168,000	\$ 120,000
Class Facilities Bonds 2010 1.0% - 3.7%	0	1,394,999	0	1,394,999	45,000
	<u>\$ 1,678,000</u>	<u>\$ 1,394,999</u>	<u>\$ 1,510,000</u>	<u>\$ 1,562,999</u>	<u>\$ 165,000</u>

*Classroom Facilities General Obligation Bonds* - The School District issued bonds in the amount of \$2,563,000 to finance the construction of new school facilities. Of those bonds, \$2,515,000 were serial bonds, with maturity dates of December 1, 2000 to December 1, 2011 and December 1, 2015 to December 1, 2022. \$48,000 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount is \$130,000 for each year. Majority of these bonds have been refunded during 2010 leaving the December 1, 2010 bond for \$120,000 and the capital appreciation bonds of \$48,000.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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

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

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

Fiscal year Ending June 30,	Principal	Interest	Total
2011	\$ 165,000	\$ 42,476	\$ 207,476
2012	155,000	36,585	191,585
2013	43,577	146,983	190,560
2014	40,868	149,192	190,060
2015	38,555	151,005	189,560
2016-2020	589,999	354,525	944,524
2021-2023	530,000	29,538	559,538
Total	<u>\$1,562,999</u>	<u>\$910,304</u>	<u>\$2,473,303</u>

**NOTE 12 - SET-ASIDE CALCULATIONS**

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

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

	Textbooks and Instructional Materials	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2009	\$42,458	(\$2,232,847)	\$55,498
Current Year Set-aside Requirement	108,065	108,065	0
Current Year Offsets	0	(61,386)	0
Qualifying Disbursements	<u>(83,332)</u>	<u>0</u>	<u>0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$67,191</u>	<u>(\$2,186,168)</u>	<u>\$55,498</u>
Set-aside Reserve Balances as of June 30, 2010	<u>\$67,191</u>	<u>\$0</u>	<u>\$55,498</u>

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 12 - SET-ASIDE CALCULATIONS**, (Continued)

The School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. The negative amount can be carried forward as it represents proceeds of bonds from prior fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$122,689.

**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Metropolitan Dayton Educational Cooperative Association**

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA \$18,696 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

**B. Southwestern Ohio Educational Purchasing Council**

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2010 the School District paid \$1,538 SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.



**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS**, (Continued)

**C. Southwestern Ohio Instructional Technology Association**

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

All member school districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2010, the School District paid \$605 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**NOTE 14 - INSURANCE PURCHASING POOLS**

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

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

**B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE 15 - INTERFUND ADVANCES**

The following advances were made during the fiscal year 2010:

<u>Fund</u>	<u>Advance In</u>	<u>Advance Out</u>
General Fund	\$ 7,747	\$ 6,000
Special Grants	0	7,747
Preschool Grant	6,000	0
Total	<u>\$ 13,747</u>	<u>\$ 13,747</u>

These advances were made in accordance with applicable Ohio Revised Code Sections.

**NOTE 16 – COMPLIANCE**

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

**NOTE 17 - CONTINGENCIES**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

**NOTE 18 - SUBSEQUENT EVENTS**

The School District was awarded a clean fuels grant and has entered in to an agreement with Ohio Advanced Transportation Partnership Clean Fuels Ohio. The grant will be used to convert the School District's bus barn and four buses to natural gas. The grant will be received as a 50 percent reimbursement of the cost of the conversion, up to \$246,784.

The School District is currently in the process of reviewing bids for various aspects of the project. Work on the project had not yet begun.

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**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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This discussion and analysis of the Ansonia Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Highlights**

Key highlights for fiscal year 2009 are as follows:

- Total net assets were \$1,397,973. The total change in net assets was a decrease of \$120,899: an 8 percent change from the previous year.
- General receipts accounted for \$5,537,652 in receipts or 76.9 percent of all receipts. Program specific receipts in the form of charges for services, grants, contributions, and interest accounted for \$1,660,831, or 23.1 percent of total receipts.
- The School District had \$7,319,382 in disbursements related to governmental activities; only \$1,660,831 of these disbursements were offset by program specific charges for services, grants and contributions. General receipts of \$5,537,652 were not adequate to offset the remainder causing a decrease in net assets of \$120,889.
- The School District's major funds for fiscal year 2009 were the General Fund and the Bond Retirement Fund. The General Fund balance decreased by \$217,127 and the Bond Fund increased by \$52,828.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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**Basis of Accounting**

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

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

**Reporting the School District as a Whole**

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for the School District's programs. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

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

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

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

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

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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

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

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

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008 on a cash basis:

	Table 1	
	Net Assets	
	Governmental Activities	
	FY 09	FY 08, restated
<b>Assets</b>		
Equity in Pooled Cash, Cash Equivalents and Investments	\$1,397,973	\$1,518,872
<b>Total Assets</b>	1,397,973	1,518,872
<b>Net Assets</b>		
Restricted for:		
Debt Service	215,468	162,640
Capital Outlay	50,613	11,336
Other Purposes	432,977	459,823
Unrestricted	698,915	885,073
<b>Total Net Assets</b>	\$1,397,973	\$1,518,872

Total net assets decreased \$120,899, or 8 percent during fiscal year 2009. The primary reason for the decrease was a slight increase in disbursements of \$62,720, particularly instructional costs, and a slight decrease in receipts of \$71,017. The School District has cut costs in other areas to offset the rising costs of instruction.

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

Table 2 reflects the changes in net assets in fiscal year 2009 and a comparative balance to fiscal year 2008.

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

	Governmental Activities	
	FY 2009	FY 2008, restated
Receipts:		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$972,848	\$1,078,383
Operating Grants and Contributions	687,983	685,936
Capital Grants and Contributions	0	8,512
Total Program Receipts	<u>1,660,831</u>	<u>1,772,831</u>
<i>General Receipts:</i>		
Property and Other Local Taxes	1,291,049	1,256,333
Income Taxes	428,072	441,744
Grants and Entitlements Not Restricted to Specific Programs	3,768,478	3,710,688
Earnings on Investments	28,161	61,976
Other	21,892	25,928
Total General Receipts	<u>5,537,652</u>	<u>5,496,669</u>
Total Receipts	<u>7,198,483</u>	<u>7,269,500</u>
<i>Program Disbursements:</i>		
<i>Instruction:</i>		
Regular	2,651,877	2,608,179
Special	889,609	814,964
Vocational	230,567	196,399
Other	258,854	275,355
<i>Support Services:</i>		
Pupil	349,837	377,093
Instructional Staff	398,112	409,149
Board of Education	57,568	50,419
Administration	561,739	596,576
Fiscal	175,862	162,835
Business	927	1,424
Operation and Maintenance of Plant	541,844	592,101
Pupil Transportation	438,504	422,343
Central	18,244	20,897
Operation of Non-instructional Services	304,550	289,910
Extracurricular Activities	240,688	231,876
<i>Debt Service:</i>		
Principal	110,000	110,000
Interest	90,600	97,142
Total Disbursements	<u>7,319,382</u>	<u>7,256,662</u>
Increase (Decrease) in Net Assets	(120,899)	12,838
Net Assets, January 1	<u>1,518,872</u>	<u>1,506,034</u>
Net Assets, December 31	<u>\$1,397,973</u>	<u>\$1,518,872</u>

**Ansonia Local School District**  
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**Governmental Activities**

The largest source of receipts for governmental activities is unrestricted grants and entitlements which accounted for approximately 52 percent of the total cash received during the year. Property and income taxes accounted for an additional 23 percent of total receipts. The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property tax valuation increases thus generating about the same revenue. The School District currently has a .75 percent school district income tax. This is approximately 5.9 percent of revenues for governmental activities for year.

Instruction accounted for approximately 55 percent of total cash disbursements for fiscal year 2009, with regular instruction making up the largest share at about 36.2 percent of total disbursements. Pupil and instructional staff support services accounted for about 10.2 percent of total disbursements. Board of education, administration, fiscal and business disbursements accounted for 10.9 percent of disbursements. Operation and maintenance of plant disbursements were about 7.4 percent of total disbursements. Pupil transportation accounted for about 6.0 percent of total disbursements, operation of non-instructional services accounted for 4.1 percent; and extracurricular activities accounted for about 3.3 percent of total disbursements. The remainder of disbursements was for debt service and other.

**Statement of Activities**

If you look at the Statement of Activities, you will see that the first column lists the major activities of the School District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identify, in general, the source of the receipts. The amounts are either paid by people who are directly charged for the service or grants and contributions received by the School District that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3, along with the same information for fiscal year 2008. That is, it identifies the cost of these services supported by taxes, unrestricted State entitlements and investment earnings.



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(Table 3)  
**Governmental Activities**

	FY 09		FY 08, restated	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:				
Regular	\$2,651,877	\$2,026,969	\$2,608,179	\$1,919,966
Special	889,609	654,592	814,964	593,367
Vocational	230,567	167,600	196,399	127,894
Other	258,854	258,854	275,355	275,355
Support Services:				
Pupil	349,837	208,123	377,093	202,270
Instructional Staff	398,112	335,707	409,149	350,348
Board of Education	57,568	57,568	50,419	50,419
Administration	561,739	415,007	596,576	506,500
Fiscal	175,862	175,862	162,835	162,835
Business	927	927	1,424	1,424
Operation and Maintenance of Plant	541,844	541,844	592,101	592,101
Pupil Transportation	438,504	374,403	422,343	343,251
Central	18,244	18,244	20,897	20,897
Operation of Non-Instructional Services	304,550	(18,437)	289,910	(29,127)
Extracurricular Activities	240,688	240,688	231,876	159,189
Debt Service:				
Principal	110,000	110,000	110,000	110,000
Interest	90,600	90,600	97,142	97,142
Total Disbursements	<u>\$7,319,382</u>	<u>\$5,658,551</u>	<u>\$7,256,662</u>	<u>\$5,483,831</u>

Charges for services and operating grants of approximately 23.1 percent of total cash receipts were received and used to fund the expenses of the School District. The remaining 76.9 percent of cash receipts were from taxes, unrestricted State entitlements, investment earnings and miscellaneous receipts. The School District relies on these receipts to furnish the services it provides to students.

**The School District's Funds**

During fiscal year 2009, the School District had two major funds; the General Fund and Bond Retirement Fund. All governmental funds had total receipts of \$7,198,483 and total disbursements of \$7,319,382. The General Fund had an unreserved fund balance of \$601,642 at the end of the 2009 fiscal year. The greatest change within the funds during the 2009 fiscal year occurred within the General Fund which saw a decrease of \$217,127 in fund balance due to general increase in costs, particularly instructional costs, without a compensating increase in receipts.

**Major Funds Budgeting Highlights**

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

During the course of the 2009 fiscal year, the School District amended its General Fund budget as needed. Final appropriations were budgeted at \$6,313,450, while actual expenditures plus encumbrances were \$6,266,657.

**Ansonia Local School District**  
**Darke County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
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**Capital Assets**

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

**Debt**

At June 30, 2009, the School District had \$1,678,000 outstanding in general obligation bonds. These bonds are being paid through the Bond Retirement Fund with property tax revenue. For more information on the School District's debt see Note 11 of the notes to the basic financial statements.

**Current Financial Issues and Concerns**

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

**Contacting the School District's Financial Management**

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

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**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Net Assets - Cash Basis*  
*June 30, 2009*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$1,397,973</u>
<i>Total Assets</i>	<u><u>\$1,397,973</u></u>
<b>Net Assets</b>	
Restricted for:	
Debt Service	\$215,468
Capital Outlay	50,613
Other Purposes	432,977
Unrestricted	<u>698,915</u>
<i>Total Net Assets</i>	<u><u>\$1,397,973</u></u>

See accompanying notes to the Basic Financial Statements.

**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2009*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$2,651,877	\$500,233	\$124,675	(\$2,026,969)
Special	889,609	143,757	91,260	(654,592)
Vocational	230,567	0	62,967	(167,600)
Other	258,854	0	0	(258,854)
Support Services:				
Pupil	349,837	0	141,714	(208,123)
Instructional Staff	398,112	5,574	56,831	(335,707)
Board of Education	57,568	0	0	(57,568)
Administration	561,739	66,560	80,172	(415,007)
Fiscal	175,862	0	0	(175,862)
Business	927	0	0	(927)
Operation and Maintenance of Plant	541,844	0	0	(541,844)
Pupil Transportation	438,504	45,788	18,313	(374,403)
Central	18,244	0	0	(18,244)
Operation of Non-instructional Services	304,550	210,936	112,051	18,437
Extracurricular Activities	240,688	0	0	(240,688)
Debt Service:				
Principal	110,000	0	0	(110,000)
Interest	90,600	0	0	(90,600)
<i>Total Governmental Activities</i>	7,319,382	972,848	687,983	(5,658,551)
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				1,001,747
Debt Service				225,887
Capital Outlay				42,276
Classroom Maintenance				21,139
Income Taxes Levied for General Purposes				428,072
Grants and Entitlements not Restricted to Specific Programs				3,768,478
Payment in Lieu of Taxes				12,276
Interest				28,161
Miscellaneous				9,616
<i>Total General Receipts</i>				5,537,652
Change in Net Assets				(120,899)
<i>Net Assets Beginning of Year</i>				1,518,872
<i>Net Assets End of Year</i>				\$1,397,973

See accompanying notes to the basic financial statements.

**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
**Governmental Funds**  
*As of June 30, 2009*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash, Cash Equivalents and Investments	\$698,915	\$215,468	\$267,137	\$1,181,520
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	216,453	0	0	216,453
<i>Total Assets</i>	<u>\$915,368</u>	<u>\$215,468</u>	<u>\$267,137</u>	<u>\$1,397,973</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	97,273	0	19,184	116,457
Reserved for Textbooks and Instructional Materials	42,458	0	0	42,458
Reserved for School Bus Purchase	118,497	0	0	118,497
Reserved for Budget Stabilization	55,498	0	0	55,498
Unreserved:				
Undesignated, Reported in:				
General Fund	601,642	0	0	601,642
Special Revenue Funds	0	0	197,340	197,340
Debt Service Fund	0	215,468	0	215,468
Capital Projects Funds	0	0	50,613	50,613
<i>Total Fund Balances</i>	<u>915,368</u>	<u>215,468</u>	<u>267,137</u>	<u>1,397,973</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$915,368</u>	<u>\$215,468</u>	<u>\$267,137</u>	<u>\$1,397,973</u>

See accompanying notes to the basic financial statements.

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

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$1,001,747	\$225,887	\$63,415	\$1,291,049
Income Tax	428,072	0	0	428,072
Intergovernmental	3,779,443	33,547	567,374	4,380,364
Interest	26,656	0	1,505	28,161
Tuition and Fees	680,912	0	0	680,912
Extracurricular Activities	0	0	136,387	136,387
Contributions and Donations	0	0	6,270	6,270
Charges for Services	0	0	210,936	210,936
Payments in Lieu of Taxes	12,276	0	0	12,276
Miscellaneous	23,151	0	905	24,056
<i>Total Receipts</i>	<u>5,952,257</u>	<u>259,434</u>	<u>986,792</u>	<u>7,198,483</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	2,511,002	0	140,875	2,651,877
Special	797,265	0	92,344	889,609
Vocational	230,567	0	0	230,567
Other	258,854	0	0	258,854
Support Services:				
Pupil	208,175	0	141,662	349,837
Instructional Staff	341,073	0	57,039	398,112
Board of Education	57,568	0	0	57,568
Administration	489,987	0	71,752	561,739
Fiscal	168,155	6,006	1,701	175,862
Business	927	0	0	927
Operation and Maintenance of Plant	485,782	0	56,062	541,844
Pupil Transportation	433,765	0	4,739	438,504
Central	18,244	0	0	18,244
Operation of Noninstructional Services	0	0	304,550	304,550
Extracurricular Activities	160,273	0	80,415	240,688
Debt Service:				
Principal	0	110,000	0	110,000
Interest	0	90,600	0	90,600
<i>Total Disbursements</i>	<u>6,161,637</u>	<u>206,606</u>	<u>951,139</u>	<u>7,319,382</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(209,380)</u>	<u>52,828</u>	<u>35,653</u>	<u>(120,899)</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	7,747	7,747
Advances Out	(7,747)	0	0	(7,747)
<i>Total Other Financing Sources (Uses)</i>	<u>(7,747)</u>	<u>0</u>	<u>7,747</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(217,127)	52,828	43,400	(120,899)
<i>Fund Balances Beginning of Year , restated</i>	<u>1,132,495</u>	<u>162,640</u>	<u>223,737</u>	<u>1,518,872</u>
<i>Fund Balances End of Year</i>	<u><u>\$915,368</u></u>	<u><u>\$215,468</u></u>	<u><u>\$267,137</u></u>	<u><u>\$1,397,973</u></u>

See accompanying notes to the basic financial statements.

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$934,000	\$1,024,000	\$1,001,747	(\$22,253)
Income Taxes	405,000	405,000	428,072	23,072
Intergovernmental	3,603,161	3,779,425	3,779,443	18
Tuition and Fees	614,900	679,688	680,912	1,224
Interest	25,000	25,000	26,656	1,656
Payments in Lieu of Taxes	12,276	12,276	12,276	0
Gifts and Donations	0	0	0	0
Miscellaneous	1,563	22,563	23,151	588
<i>Total Revenues</i>	<u>5,595,900</u>	<u>5,947,952</u>	<u>5,952,257</u>	<u>4,305</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	2,556,702	2,511,737	2,511,736	1
Special	794,445	834,445	803,170	31,275
Vocational	217,469	234,407	234,404	3
Other	187,600	261,963	261,964	(1)
Support Services:				
Pupil	208,672	211,351	211,352	(1)
Instructional Staff	354,057	361,819	346,297	15,522
Board of Education	53,130	58,067	58,068	(1)
Administration	489,555	492,437	492,439	(2)
Fiscal	174,342	183,875	183,876	(1)
Business	1,600	927	927	0
Operation and Maintenance of Plant	507,896	499,492	499,490	2
Pupil Transportation	499,958	474,279	474,282	(3)
Central	25,346	20,632	20,632	0
Extracurricular Activities	150,652	160,272	160,273	(1)
<i>Total Expenditures</i>	<u>6,221,424</u>	<u>6,305,703</u>	<u>6,258,910</u>	<u>46,793</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(625,524)</u>	<u>(357,751)</u>	<u>(306,653)</u>	<u>51,098</u>
<b>Other Financing Uses</b>				
Advances Out	0	(7,747)	(7,747)	0
<i>Total Other Financing Uses</i>	<u>0</u>	<u>(7,747)</u>	<u>(7,747)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(625,524)	(365,498)	(314,400)	51,098
<i>Fund Balance Beginning of Year</i>	1,052,745	1,052,745	1,052,745	0
Prior Year Encumbrances Appropriated	79,750	79,750	79,750	0
<i>Fund Balance End of Year</i>	<u>\$506,971</u>	<u>\$766,997</u>	<u>\$818,095</u>	<u>\$51,098</u>

See accompanying notes to the basic financial statements.



**Ansonia Local School District**  
**Darke County, Ohio**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*June 30, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$20,483</u></u>
<b>Liabilities</b>	
Held for Students	<u><u>\$20,483</u></u>

See accompanying notes to the basic financial statements.

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**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

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

The School District is located in Darke County and includes the entire Village of Ansonia, New Weston, and Rossburg, all of Brown Township, and portions of Allen, Richland, Wabash and York Townships. It is staffed by 35 classified employees, 52 certified teaching personnel, and 10 administrative employees who provide services to approximately 675 students and other community members. The School District currently operates 1 instructional building, 1 bus garage and 1 administrative facility.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Ansonia Local School District has no component units.

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

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are presented in Notes 13 and 14 to the basic financial statements. These organizations are:

**Jointly Governed Organizations:**

Metropolitan Dayton Educational Cooperative Association  
Southwestern Ohio Educational Purchasing Council  
Southwestern Ohio Instructional Technology Association

**Insurance Purchasing Pools:**

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group  
Rating Plan  
Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

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

**A. Basis of Presentation**

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

**Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide financial statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The School District does not have any business-type activities.

The statement of net assets presents the cash balances, of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services and 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. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the School District's general receipts.

**Fund Financial Statements**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

**B. Fund Accounting**

**Governmental Funds**

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The School District's major governmental funds for the 2009 fiscal year were the General and Bond Retirement funds.

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

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

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

**Fiduciary Funds**

Fiduciary funds account for cash and investments where the School District is acting as a trustee or fiscal agent for other entities or individuals. Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets the School District holds under trust agreements for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature, where the School District deposits and pays cash as directed by another entity or individual. The School District's agency funds account for student-managed activities' cash.

**C. Basis of Accounting**

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

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the function level for the General Fund and the fund level for all other funds.

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

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

**E. Cash and Investments**

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

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

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

During 2009, the School District invested in Star Ohio and money market accounts. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 was \$26,656, including \$7,770 assigned from other School District funds.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

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

**J. Accumulated Leave**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

**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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-term Obligations**

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

**M. Net Assets**

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

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

**N. Fund Balance Designations and Reserves**

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Fund equity reserves have been established for encumbrances, school bus purchase and textbooks and instructional materials. The reserve for school bus purchases represents money required to be spent on bus purchases and the reserve for textbooks and instructional materials represents money required to be set-aside by state Statute to purchase textbooks and instructional materials. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved. The reserve for textbooks represents money required to be set-aside by state statute for the purchase of textbooks and instructional materials.

**O. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures in the respective funds.



**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General Fund:

	FY 2009
Cash Basis	\$(217,127)
Less Adjustment for Encumbrances	(97,273)
Budget Basis	\$(314,400)

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

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

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

Protection of the School District’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution. Interim monies may be deposited or invested in the following securities:

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 4 – DEPOSITS AND INVESTMENTS** (Continued)

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

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.

Deposits

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

At June 30, 2009, the book balance of the School Districts deposits was \$373,404 and the bank balance was \$382,405. All of the School District's deposits were insured by federal depository insurance, based on the criteria described in GASB Statement 40, "Deposits and Investment Risk Disclosures."

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 4 – DEPOSITS AND INVESTMENTS** (Continued)

Investments

As of June 30, 2009 the School District had the following investments:

Investments	Maturities	Carrying Value
STAR Ohio	Average	\$1,041,567
5 <sup>th</sup> /3 <sup>rd</sup> Maxsaver	Average	3,485
Total Investments		\$1,045,052

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

**Credit Risk** - The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAR Ohio is rated AAAM by Standards and Poor’s.

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

**Concentration of Risk** – The School District places no limits on the amount the School District may invest in any one issuer.

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax receipts received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 5 - PROPERTY TAXES** (Continued)

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied against local inter-change telephone companies in the prior calendar year on assessed values as of December 31, of that calendar year, at tax rates determined in the preceding year. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The percentages for telecommunications are 5 percent for 2010 and zero percent for 2011.

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.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Public utility property taxes are payable on the same date as real property taxes described previously.

The School District receives property taxes from Darke 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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The amount available as an advance at June 30, 2009 was \$120,936 in the General Fund and \$36,236 in the non-major funds.

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

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$46,465,660	91.00%	\$53,273,580	95.30%
Public Utility	1,801,100	3.53	2,623,210	4.70
Tangible Personal Property	2,793,310	5.47	0	0
<b>Total</b>	<b>\$51,060,070</b>	<b>100.00%</b>	<b>\$55,896,790</b>	<b>100.00%</b>

**NOTE 6 - INCOME TAX**

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992 and is a continuing tax. 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 to the General Fund during fiscal year 2009 were \$428,072.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 7 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2009, the School District contracted for property and fleet, liability, boiler and machinery, crime, and inland marine insurance. The coverage is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$ 18,322,459
Inland Marine Coverage (\$500 deductible)	3,285,231
Boiler and Machinery - Included in Building and Contents	
Automobile Liability (\$250 comprehensive deductible) (\$500 collision deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Limit	2,000,000

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

**Workers' Compensation**

For fiscal year 2009, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the GRP.

**Employee Medical Benefits**

For fiscal year 2009, the School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 14). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

**Ansonia Local School District**  
**Darke County**  
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**NOTE 8 - 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 public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$400,952, \$396,747 and \$377,553 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009, were \$4,318 made by the School District and \$8,891 made by the plan members.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

**B. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$85,575, \$77,209 and \$90,471 respectively; 36 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining member has elected the School Employees Retirement System.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
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**NOTE 9 - POSTEMPLOYMENT BENEFITS** (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were \$30,842, \$30,519 and \$29,043 respectively. The full amount has been contributed for those years.

**B. School Employees Retirement System**

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105e. For 2009, 4.16 percent of covered payroll was allocated to health care.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were \$52,983, \$52,802, and \$44,827, respectively. The full amount has been contributed for those years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008 and 2007 were \$7,061, \$5,563, and \$5,679, respectively. The full amount has been contributed for those years.



**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Insurance Benefits**

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

**C. Deferred Compensation Plan**

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

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

	<u>Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/09</u>	<u>Maturity Due in One Year</u>
Classroom Facilities Bonds					
2000 5.50%	\$1,788,000	\$0	\$110,000	\$1,678,000	\$115,000

*Classroom Facilities General Obligation Bonds* - The School District issued bonds in the amount of \$2,563,000 to finance the construction of new school facilities. Of those bonds, \$2,515,000 were serial bonds, with maturity dates of December 1, 2000 to December 1, 2011 and December 1, 2015 to December 1, 2022. \$48,000 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount is \$130,000 for each year.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 115,000	\$ 87,850	\$ 202,850
2011	120,000	82,100	202,100
2012	125,000	76,100	201,100
2013	18,577	181,273	199,850
2014	15,868	183,982	199,850
2015-2019	588,555	412,345	1,000,900
2020-2023	695,000	107,525	802,525
Total	<u>\$1,678,000</u>	<u>\$1,131,175</u>	<u>\$2,809,175</u>

**NOTE 12 - SET-ASIDE CALCULATIONS**

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

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

	Textbooks and Instructional Materials	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2008	\$87,878	(\$2,296,202)	\$55,498
Current Year Set-aside Requirement	105,631	105,631	0
Current Year Offsets	0	(42,276)	0
Qualifying Disbursements	<u>(151,051)</u>	<u>0</u>	<u>0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$42,458</u>	<u>(\$2,232,847)</u>	<u>\$55,498</u>
Set-aside Reserve Balances as of June 30, 2009	<u>\$42,458</u>	<u>\$0</u>	<u>\$55,498</u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. The negative amount can be carried forward as it represents proceeds of bonds from prior fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$97,956.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 13 - JOINTLY GOVERNED ORGANIZATION**

**A. Metropolitan Dayton Educational Cooperative Association**

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA \$18,053 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

**B. Southwestern Ohio Educational Purchasing Council**

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2010 the School District paid \$1,473 SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**C. Southwestern Ohio Instructional Technology Association**

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 13 - JOINTLY GOVERNED ORGANIZATION** (Continued)

All member school districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2009, the School District paid \$1,397 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**NOTE 14 - INSURANCE PURCHASING POOLS**

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

The School District participates in the Southwestern Ohio Education Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an nine member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan**

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

**NOTE 15 - INTERFUND ADVANCES**

The following advances were made during the fiscal year 2009:

Fund	Advance In	Advance Out
General Fund	\$ 0	\$ 7,747
Special Grants	7,747	0
Total	\$ 7,747	\$ 7,747

These advances were made in accordance with applicable Ohio Revised Code Sections.

**Ansonia Local School District**  
**Darke County**  
*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**NOTE 16 – COMPLIANCE**

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. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**NOTE 17 - CONTINGENCIES**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

**NOTE 18 - RESTATEMENT OF FUND BALANCE**

For fiscal year 2010, the food service and preschool program enterprise funds were reclassified to special revenue funds and are considered non-major funds. This reduced net assets of proprietary fund from \$115,482 to \$0.

This change had the following effect on the fund balance of major and non-major funds of the School District as previously reported.

	<u>General</u>	<u>Bond Retirement</u>	<u>Governmental Non-Major</u>	<u>Business- type Enterprise</u>	<u>Total</u>
Fund Balance, June 30, 2009	\$1,132,495	\$162,640	\$108,255	\$115,482	\$1,403,390
Fund Reclassification	0	0	115,482	0	115,482
Adjusted Fund Balance	<u>\$1,132,495</u>	<u>\$162,640</u>	<u>\$223,737</u>	<u>\$ 0</u>	<u>\$1,518,872</u>

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**Ansonia Local School District**  
**Darke County**  
*Schedule of Federal Awards, Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2010*

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>		Federal		Non-Cash		Non-Cash
Program Title	Year	CFDA Number	Receipts	Receipts	Expenditures	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution)						
National School Lunch Program		10.555	\$ 0	\$ 32,540	\$ 0	\$ 32,540
Cash Assistance:						
School Breakfast Program		10.553	10,700		10,700	
National School Lunch Program		10.555	93,623	0	93,623	0
Total Nutrition Cluster			<u>104,323</u>	<u>32,540</u>	<u>104,323</u>	<u>32,540</u>
<b>Total U.S. Department of Agriculture</b>			<u>104,323</u>	<u>32,540</u>	<u>104,323</u>	<u>32,540</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Title I Cluster:						
Title I Grants to Local Educational Agencies	2010	84.010	81,756	0	81,756	0
Title I Grants to Local Educational Agencies	2009	84.010	0	0	1,409	0
Title I Grants to Local Educational Agencies - ARRA	2010	84.389	22,812	0	20,519	0
Total Title I Cluster			<u>104,568</u>	<u>0</u>	<u>103,684</u>	<u>0</u>
Safe and Drug-Free Schools and Communities_State Grants	2010	84.186	1,461	0	562	0
Safe and Drug-Free Schools and Communities_State Grants	2009	84.186	0	0	1,461	0
Total Safe and Drug-Free Schools and Communities			<u>1,461</u>	<u>0</u>	<u>2,023</u>	<u>0</u>
Education Technology State Grants	2010	84.318	74	0	55	0
Rural Education Achievement (REAP)	2010	84.358	33,162	0	33,136	0
Special Education Grants to States - ARRA	2010	84.391	29,561	0	29,268	0
State Fiscal Stabilization Fund - ARRA	2010	84.394	215,569	0	215,569	0
Improving Teacher Quality Grants	2010	84.367	24,048	0	24,048	0
Improving Teacher Quality Grants	2009	84.367	0	0	5,458	0
Total Improving Teacher Quality State Grants			<u>24,048</u>	<u>0</u>	<u>29,506</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>408,443</u>	<u>0</u>	<u>413,241</u>	<u>0</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through the Ohio Department of Job and Family Services:</i>						
Temporary Assistance to Needy Families (TANF)	2010	93.558	13,043	0	12,746	0
<b>Total Federal Assistance</b>			<u>\$ 525,809</u>	<u>\$ 32,540</u>	<u>\$ 530,310</u>	<u>\$ 32,540</u>

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

**Ansonia Local School District**  
**Darke County**  
*Notes to the Schedule of Federal Awards, Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D – MATCHING REQUIREMENTS**

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



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**MANNING & ASSOCIATES CPAs, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ansonia Local School District, Darke County, (the School District), as of and for the fiscal years ended June 30, 2010 and 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 18, 2010, wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency or a combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated November 18, 2010.

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

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

November 18, 2010

**MANNING & ASSOCIATES CPAs, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Ansonia Valley Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. The summary of auditors' results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Ansonia Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Ansonia Local School District  
Darke County

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

### **Internal Control Over Compliance**

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

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

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

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

November 18, 2010

**Ansonia Local School District**  
**Darke County**  
*Schedule of Findings*  
*OMB Circular A-133 § .505*  
*June 30, 2010*

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

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

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

**FINDING NUMBER 2010-001**

**Noncompliance Citation**

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

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

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

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

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.



**Ansonia Local School District**  
**Darke County**  
*Schedule of Prior Audit Findings*  
*For The Fiscal Years Ended June 30, 2010 and 2009*

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Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; Explain
2008-001	Financial statement reported in accordance with GAGAS	No	Reissued as finding 2010-001

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**MANNING & ASSOCIATES CPAs, LLC**  
**6105 NORTH DIXIE DRIVE**  
**DAYTON, OHIO 45414**

**INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED UPON PROCEDURES**

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

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Ansonia Local School District (the 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 on December 19, 2005 and revised the policy at its meeting on November 16, 2009
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 includes 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 of 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 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 School District administration semiannually provide the president of the School District board a written summary of all reported incidents and post the summary on its web site, if the School 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 and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

November 18, 2010



# Dave Yost • Auditor of State

**ANSONIA LOCAL SCHOOL DISTRICT**

**DARKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 8, 2011**