



Dave Yost • Auditor of State

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Edgerton Local School District
Williams County
111 East River Street
Edgerton, Ohio 43517-9623

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 Edgerton Local School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

As described in Note 18 to the financial statements, for the year ended June 30, 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards receipts and expenditures schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

February 21, 2012

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED**

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

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

In total, net assets decreased \$2,831,761.

General revenues accounted for \$5,530,230, or 53 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$4,873,090, or 47 percent of total revenues of \$10,403,320.

The District's major funds included the General fund, the Bond Retirement fund, the Permanent Improvement fund, the Building Construction fund, and the Classroom Facilities fund.

The General fund had \$5,431,048 in receipts and other financing sources and \$5,352,310 in disbursements and other financing uses. The General fund's balance increased \$78,738 from the prior fiscal year.

The Bond Retirement fund had \$699,762 in receipts and \$639,783 in disbursements. The Bond Retirement fund's balance increased \$59,979 from the prior fiscal year.

The Permanent Improvement fund had \$188,171 in receipts and other financing sources and \$26,298 in disbursements. The Permanent Improvement fund's balance increased \$161,873 from the prior fiscal year.

The Building Construction fund had \$25,635 in receipts and \$1,938,989 in disbursements. The Building Construction fund's balance decreased \$1,913,354 from the prior fiscal year.

The Classroom Facilities fund had \$3,030,113 in receipts and \$4,294,712 in disbursements. The Classroom Facilities fund's balance decreased \$1,264,599 from the prior fiscal year.

The revenue generated from the Bond Retirement fund is used to pay for the current portion of bonded debt.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

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

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

For the District, the General fund is the most significant fund. The General fund, the Bond Retirement fund, the Permanent Improvement fund, the Building Construction fund and the Classroom Facilities fund are the District's five major funds.

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the District did financially during fiscal year 2011. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the cash basis statement of net assets and the statement of activities, the District discloses a single type of activity, its governmental activities, which includes all of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major funds are the General fund, the Bond Retirement fund, the Permanent Improvement fund, the Building Construction fund and the Classroom Facilities fund.

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

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

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2011 compared to fiscal year 2010.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

**Table 1
Net Assets – Cash Basis
Governmental Activities**

	2011	2010
<u>Assets:</u>		
Current and Other Assets	<u>\$4,871,157</u>	<u>\$7,702,918</u>
<u>Net Assets:</u>		
Restricted for Debt Service	487,312	427,333
Restricted for Capital Outlay	2,635,569	5,647,923
Restricted for Other Purposes	150,137	118,423
Unrestricted	<u>1,598,139</u>	<u>1,509,239</u>
Total	<u>\$4,871,157</u>	<u>\$7,702,918</u>

As mentioned previously, net assets of governmental activities decreased \$2,831,761 or 37% during 2011. The primary reason attributing to the decrease in net assets was the increase in OSFC construction costs for the new Pre-K – 8 school building.

Table 2 reflects the changes in net assets for fiscal year 2011 compared to fiscal year 2010.

**Table 2
Change in Net Assets – Cash Basis
Governmental Activities**

	2011	2010
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$545,757	\$494,569
Operating Grants, Contributions and Interest	1,314,894	711,243
Capital Grants and Contributions	<u>3,012,439</u>	<u>4,574,546</u>
Total Program Revenues	<u>4,873,090</u>	<u>5,780,358</u>
General Revenues:		
Property Taxes	1,987,065	1,953,311
Income Taxes	652,698	573,704
Grants and Entitlements	2,748,250	3,240,639
Investment Earnings	59,034	55,940
Miscellaneous	83,183	165,693
Refund of Prior Year Expenditures		<u>27,927</u>
Total General Revenues	<u>5,530,230</u>	<u>6,017,214</u>
Total Revenues	<u>10,403,320</u>	<u>11,797,572</u>
<u>Expenses:</u>		
Instruction	3,511,139	3,500,579
Support Services:		
Pupils	241,362	222,861
Instructional Staff	335,530	388,607
Board of Education	37,871	38,872
Administration	461,760	455,254
Fiscal	275,967	271,273
Business	1,000	650
Operation and Maintenance of Plant	611,899	647,316
Pupil Transportation	230,454	240,663
Central	58,076	38,886

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

Non-Instructional	300,692	302,663
Extracurricular Activities	249,052	256,347
Capital Outlay	6,284,748	2,354,346
Principal	270,000	270,000
Interest and Fiscal Charges	355,383	355,383
Refund of Prior Year Receipts	10,148	7,697
Total Expenses	13,235,081	9,351,397
Increase/(Decrease) in Net Assets	(\$2,831,761)	\$2,446,175

Program receipts account for 47 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 26 percent of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for 6 percent of governmental disbursements. Maintenance of the District's facilities and capital outlay also represents a significant disbursement of 5 and 47 percent. The remaining 14 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities, cash basis, reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Net Cost of Services	Net Cost of Services
	2011	2011	2010	2010
Instruction	\$3,511,139	\$2,212,592	\$3,500,579	\$2,695,497
Support Services:				
Pupils	241,362	241,362	222,861	220,800
Instructional Staff	335,530	328,174	388,607	384,317
Board of Education	37,871	37,871	38,872	38,872
Administration	461,760	461,760	455,254	455,254
Fiscal	275,967	273,967	271,273	266,273
Business	1,000	1,000	650	650
Operation and Maintenance of Plant	611,899	474,017	647,316	647,316
Pupil Transportation	230,454	230,454	240,663	232,865
Central	58,076	51,251	38,886	32,027
Non-Instructional	300,692	(12,283)	302,663	15,477
Extracurricular Activities	249,052	153,986	256,347	168,811
Capital Outlay	6,284,748	3,272,309	2,354,346	(2,220,200)
Principal	270,000	270,000	270,000	270,000
Interest and Fiscal Charges	355,383	355,383	355,383	355,383
Refund of Prior Year Receipts	10,148	10,148	7,697	7,697
Total Expenses	\$13,235,081	\$8,361,991	\$9,351,397	\$3,571,039

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 63 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 53 percent. The remaining 47 percent are derived from charges for services, operating grants and contributions, and capital grants and contributions.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds were the General fund, the Bond Retirement fund, the Permanent Improvement fund, the Building Construction fund, and the Classroom Facilities fund. Total governmental funds had receipts and other financing sources of \$10,647,509 and disbursements and other financing uses of \$13,479,270. The net negative change of \$2,831,761 in fund balance for the year indicates that the District had some difficulty in meeting current costs, which was primarily attributed to the increase in construction costs for the new Pre K - 8 school building.

The net change in the balance in the General fund reflects an increase of \$78,738 (5%). This was primarily due to an overall decrease in disbursements (3%) from fiscal year 2010. Some General fund expenditures were shifted to the State Fiscal Stabilization fund (SFSF) in 2011. The net change in fund balance in the Bond Retirement fund reflects an increase of \$59,979 (14%). Taxes and intergovernmental revenues exceeded the debt service payments and administration costs on the high school. The net change in fund balance in the Permanent Improvement fund reflects an increase of \$161,873 (33%). A minimal amount of expenditures were charged in this fund in the last two years. The net change in fund balance in the Building Construction fund reflects a decrease of \$1,913,354 (97%) due to capital outlay disbursements on the new Pre-K – 8 school building. The net change in fund balance in the Classroom Facilities fund reflects a decrease of \$1,264,599 (40%) due to capital outlay disbursements on the new Pre-K – 8 school building.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund. During the course of fiscal year 2011, the District amended its General fund budget as needed.

Actual receipts and other financing sources exceeded final budget receipts and other financing sources by \$23,790 (less than 1%). There was only an \$11,000 variance (less than 1%) between original and final estimated resources.

Final disbursements and other financing uses were budgeted at \$6,916,494 while actual disbursements and other financing uses were \$5,518,691. The \$1,397,883 (20%) difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year. There was only a \$10,999 variance (less than 1%) between original and final estimated resources.

Debt Administration

At June 30, 2011, the District had \$8,065,000 in school improvement general obligation bonds for building improvements. The bonds were issued for a twenty-eight year period, with final maturity on December 1, 2030. The bonds and notes are being retired through the Bond Retirement fund.

At June 30, 2011, the District's overall legal debt margin was (\$1,679,207), with an un-voted debt margin of \$70,953.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011
UNAUDITED
(CONTINUED)**

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The District is looking toward new avenues of funding in the state of a declining economy and uncertainty in State funding. Edgerton is a small rural community of 2,500 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the first year of the state biennium budget. 41 percent of District revenue sources are from local funds, 51 percent is from state funds and the remaining 8 percent is from federal funds. The total expenditure per pupil was calculated at \$8,935.

The District entered into a contract with the Ohio School Facilities Commission (OSFC) to construct a new Pre-K – 8 school building. Construction began in 2010 and is scheduled to be completed in April 2011. Students and staff moved in to the school in the summer/fall of 2011.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Margie Rinkel, Treasurer, Edgerton Local School District, 111 East River Street, Edgerton, OH 43517-9623.

EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY

Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,871,157</u>
Total Assets	<u><u>4,871,157</u></u>
Net Assets:	
Restricted for Debt Service	487,312
Restricted for Capital Outlay	2,635,569
Restricted for Other Purposes	150,137
Unrestricted	<u>1,598,139</u>
Total Net Assets	<u><u>\$4,871,157</u></u>

See Accompanying Notes to the Basic Financial Statements

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				Governmental Activities
Instruction:				
Regular	\$2,464,380	\$322,068	\$224,856	(\$1,917,456)
Special	615,059		737,399	122,340
Vocational	61,948		5,781	(56,167)
Other	369,752		8,443	(361,309)
Support Services:				
Pupils	241,362			(241,362)
Instructional Staff	335,530		7,356	(328,174)
Board of Education	37,871			(37,871)
Administration	461,760			(461,760)
Fiscal	275,967		2,000	(273,967)
Business	1,000			(1,000)
Operation and Maintenance of Plant	611,899		137,882	(474,017)
Pupil Transportation	230,454			(230,454)
Central	58,076		6,825	(51,251)
Operation of Non-Instructional Services	300,692	128,623	184,352	12,283
Extracurricular Activities	249,052	95,066		(153,986)
Capital Outlay	6,284,748			(3,272,309)
Debt Service:			3,012,439	
Principal	270,000			(270,000)
Interest and Fiscal Charges	355,383			(355,383)
Refund of Prior Year Receipts	10,148			(10,148)
Totals	<u><u>\$13,235,081</u></u>	<u><u>\$545,757</u></u>	<u><u>\$1,314,894</u></u>	<u><u>\$3,012,439</u></u>
				<u><u>(8,361,991)</u></u>
General Revenues:				
Property Taxes:				
Levied for General Purposes				1,288,832
Levied for Capital Outlay				119,267
Levied for Debt Service				543,769
Levied for Other Purposes				35,197
Income Taxes				652,698
Grants and Entitlements not Restricted to Specific Programs				2,748,250
Investment Earnings				59,034
Miscellaneous				83,183
Total General Revenues				<u>5,530,230</u>
Change in Net Assets				<u>(2,831,761)</u>
Net Assets Beginning of Year				<u>7,702,918</u>
Net Assets End of Year				<u><u>\$4,871,157</u></u>

See Accompanying Notes to the Basic Financial Statements

EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY

Statement of Cash Basis Assets and Fund Cash Balances
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>Building Construction Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Equity in Pooled Cash and Cash Equivalents	<u>\$1,601,865</u>	<u>\$487,312</u>	<u>\$645,600</u>	<u>\$60,642</u>	<u>\$1,925,601</u>	<u>\$150,137</u>	<u>\$4,871,157</u>
Fund Balances:							
Restricted		\$487,312		\$60,642	\$1,925,601	\$150,137	\$2,623,692
Assigned	\$171,057						171,057
Committed			\$645,600				645,600
Unassigned	1,430,808						1,430,808
<i>Total Fund Balances</i>	<u>\$1,601,865</u>	<u>\$487,312</u>	<u>\$645,600</u>	<u>\$60,642</u>	<u>\$1,925,601</u>	<u>\$150,137</u>	<u>\$4,871,157</u>

See Accompanying Notes to the Basic Financial Statements

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Building Construction Fund	Classroom Facilities Fund	All Other Governmental Funds	Total Governmental Funds
Receipts:							
Property and Other Local Taxes	\$1,288,832	\$543,769	\$119,267			\$35,197	\$1,987,065
Income Tax	652,698						652,698
Intergovernmental	2,859,688	155,993	56,732		\$3,012,439	990,731	7,075,583
Investment Earnings	15,687			\$25,635	17,674	38	59,034
Tuition and Fees	322,068						322,068
Extracurricular Activities						95,066	95,066
Customer Sales and Services						128,623	128,623
Miscellaneous	83,183						83,183
<i>Total Receipts</i>	<u>5,222,156</u>	<u>699,762</u>	<u>175,999</u>	<u>25,635</u>	<u>3,030,113</u>	<u>1,249,655</u>	<u>10,403,320</u>
Disbursements:							
Current:							
Instruction:							
Regular	2,249,989					214,391	2,464,380
Special	510,346					104,713	615,059
Vocational	61,948						61,948
Other	361,309					8,443	369,752
Support Services:							
Pupils	106,976					134,386	241,362
Instructional Staff	328,174					7,356	335,530
Board of Education	37,871						37,871
Administration	461,760						461,760
Fiscal	255,475	14,400	4,092			2,000	275,967
Business	1,000						1,000
Operation and Maintenance of Plant	457,120					154,779	611,899
Pupil Transportation	220,639					9,815	230,454
Central	51,251					6,825	58,076
Operation of Non-Instructional Services						300,692	300,692
Extracurricular Activities	171,166					77,886	249,052
Capital Outlay	28,841		22,206	1,938,989	4,294,712		6,284,748
Debt Service:							
Principal		270,000					270,000
Interest		355,383					355,383
<i>Total Disbursements</i>	<u>5,303,865</u>	<u>639,783</u>	<u>26,298</u>	<u>1,938,989</u>	<u>4,294,712</u>	<u>1,021,286</u>	<u>13,224,933</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(81,709)</u>	<u>59,979</u>	<u>149,701</u>	<u>(1,913,354)</u>	<u>(1,264,599)</u>	<u>228,369</u>	<u>(2,821,613)</u>
Other Financing Sources and (Uses):							
Transfers In	3,000		12,172			5,621	20,793
Advances In	205,892					17,504	223,396
Transfers Out	(20,793)						(20,793)
Advances Out	(17,504)					(205,892)	(223,396)
Refund of Prior Year Receipts	(10,148)						(10,148)
<i>Total Other Financing Sources and (Uses)</i>	<u>160,447</u>		<u>12,172</u>			<u>(182,767)</u>	<u>(10,148)</u>
<i>Net Change in Fund Balances</i>	<u>78,738</u>	<u>59,979</u>	<u>161,873</u>	<u>(1,913,354)</u>	<u>(1,264,599)</u>	<u>45,602</u>	<u>(2,831,761)</u>
Fund Balance at Beginning of Year	1,523,127	427,333	483,727	1,973,996	3,190,200	104,535	7,702,918
<i>Fund Balance at End of Year</i>	<u>\$1,601,865</u>	<u>\$487,312</u>	<u>\$645,600</u>	<u>\$60,642</u>	<u>\$1,925,601</u>	<u>\$150,137</u>	<u>\$4,871,157</u>

See Accompanying Notes to the Basic Financial Statements

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**Schedule of Cash Receipts, Disbursements,
and Changes in Fund Balances - (Budgetary Basis)
GENERAL FUND
For the Fiscal Year Ended June 30,2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$1,287,412	\$1,287,412	\$1,288,832	\$1,420
Income Tax	573,704	573,704	652,698	78,994
Intergovernmental	3,038,997	3,032,999	2,859,688	(173,311)
Investment Earnings	18,878	18,878	15,687	(3,191)
Tuition and Fees	267,673	267,673	322,068	54,395
Miscellaneous	165,693	160,691	83,183	(77,508)
<i>Total Receipts:</i>	<u>5,352,357</u>	<u>5,341,357</u>	<u>5,222,156</u>	<u>(119,201)</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,245,880	2,311,080	2,291,123	19,957
Special	410,994	510,694	510,346	348
Vocational	50,430	72,630	62,108	10,522
Student Intervention Services	1,406	1,406		1,406
Other	349,336	361,336	361,309	27
Support Services:				
Pupils	109,820	113,060	112,224	836
Instructional Staff	478,159	543,205	329,110	214,095
Board of Education	42,652	49,572	38,434	11,138
Administration	459,914	477,624	461,874	15,750
Fiscal	250,396	270,716	258,118	12,598
Business	650	1,000	1,000	
Operation and Maintenance of Plant	672,015	694,207	517,659	176,548
Pupil Transportation	272,708	286,408	267,731	18,677
Central	42,027	87,166	51,251	35,915
Operation of Non-Instructional Services	194	194		194
Extracurricular Activities	168,940	181,730	171,166	10,564
Capital Outlay	117,133	118,133	36,793	81,340
<i>Total Disbursements</i>	<u>5,672,654</u>	<u>6,080,161</u>	<u>5,470,246</u>	<u>609,915</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(320,297)</u>	<u>(738,804)</u>	<u>(248,090)</u>	<u>490,714</u>
Other Financing Sources and (Uses):				
Transfers In	1,500	1,500	3,000	1,500
Advances In	62,291	62,291	205,892	143,601
Refund of Prior Year Expenditures	2,110	2,110		(2,110)
Transfers Out	(1,250,704)	(808,385)	(20,793)	787,592
Advances Out		(17,800)	(17,504)	296
Refund of Prior Year Receipts	(4,135)	(10,148)	(10,148)	
<i>Total Other Financing Sources and (Uses)</i>	<u>(1,188,938)</u>	<u>(770,432)</u>	<u>160,447</u>	<u>930,879</u>
<i>Net Change in Fund Balances</i>	<u>(1,509,235)</u>	<u>(1,509,236)</u>	<u>(87,643)</u>	<u>1,421,593</u>
Fund Balance at Beginning of Year	1,367,218	1,367,218	1,367,218	
Prior Year Encumbrances Appropriated	155,900	155,900	155,900	
<i>Fund Balance at End of Year</i>	<u>\$13,883</u>	<u>\$13,882</u>	<u>\$1,435,475</u>	<u>\$1,421,593</u>

See Accompanying Notes to the Basic Financial Statements

EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY

Statement of Cash Basis Assets and Net Cash Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$38,426</u>
Liabilities:	
Undistributed Monies	<u>\$38,426</u>

See Accompanying Notes to the Basic Financial Statements

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Edgerton Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Edgerton Local School District is a local school district as defined by §3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's instructional/support facility staffed by 30 non-certified and 50 certified full-time teaching personnel who provide services to 619 students and other community members.

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District. The District does not have any component units.

C. Jointly Governed Organizations and Purchasing Pools

The District is associated with seven organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, Northwest Ohio Special Education Regional Resource Center, the Northwest Ohio Regional Professional Development Center, the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 13 and 14 to the basic financial statements.

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

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

2. Fund Financial Statements

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

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Total assets, receipts or disbursements of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

B. Fund Accounting

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

1. Governmental Funds:

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The General fund, the Bond Retirement fund, the Permanent Improvement fund, the Building Construction fund, and the Classroom Facilities fund are the District's major governmental 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 is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

Permanent Improvement Fund - The Permanent Improvement fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Building Construction Fund - The Building Construction fund is used to account for the local portion of receipts and disbursements designated to be used for the construction of the new Pre-K – 8 school building.

Classroom Facilities Fund - The Classroom Facilities fund is used to account for the state portion of receipts and disbursements designated to be used for the construction of the new Pre-K – 8 school building.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary funds of the District consist of agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's Agency funds account for various student managed activities.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash-basis of accounting. This basis is a comprehensive of accounting other than generally accepted accounting principles.

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the 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.

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.

D. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue 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.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

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

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

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

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$15,687, which includes \$6,905 assigned from other District funds.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

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

K. Interfund Transactions

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no amounts restricted by enabling legislation.

M. Fund Balance

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

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

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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).

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

Fund Cash Balance	
	General Fund
Cash Basis	\$1,601,865
Adjustment for Encumbrances	(166,390)
Budget Basis	<u>\$1,435,475</u>
21	

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must 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 monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

At year end, the District had \$100 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,039,760 of the District's bank balance of \$4,934,568 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The 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 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.

Investments

As of June 30, 2011, the District's only investment was \$1,001 in STAR Ohio.

Credit Risk – STAR Ohio carries a rating of AAA by Standard and Poor's. The 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 mutual fund be rated in the highest category at the time of purchase by at least on nationally recognized standard rating service.

5. LONG TERM OBLIGATIONS

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

	Balance at 06/30/10	Increase	Decrease	Balance at 06/30/11	Amounts Due In One Year
General Obligation Bonds	\$8,065,000			\$8,065,000	\$270,000
General Obligation Capital Appreciation Bonds	246,127	\$23,873	\$270,000		
Total Long-Term Obligations	\$8,311,127	\$23,873	\$270,000	\$8,065,000	\$270,000

Debt outstanding at June 30, 2011 consisted of School Improvement Bonds totaling \$8,065,000 (the interest rates for the school improvement bonds were 2 percent to 4.6 percent). The school improvement bonds were issued in September 2002 and will mature December 2030.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. LONG TERM OBLIGATIONS (Continued)

School Improvement Bonds – 2002

The District issued \$9,374,988 in voted general obligation bonds for constructing, improving, and making additions to school buildings and related site development. The bonds were issued on September 18, 2002. The bond issue included current interest, term, and capital appreciation bonds in the amount of \$4,770,000, \$4,075,000, and \$529,988, respectively. The bonds will retire with a voted property tax levy from the Bond Retirement fund.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (December 1)	Principal Amount	Interest Rate
2011	\$270,000	3.35%
2012	\$280,000	3.45%
2013	290,000	3.60%
2014	300,000	3.00%
2015	310,000	3.85%
2016	320,000	4.00%
2017	335,000	4.10%
2018	345,000	4.20%
2019	360,000	4.30%
2020	375,000	4.40%
2021	395,000	4.50%
2022	410,000	4.60%

The term bonds maturing on December 1, 2027 have an interest rate of 4.75 percent per year and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2023, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Redemption Date (December 1)	Principal Amount to be Redeemed
2023	\$430,000
2024	450,000
2025	470,000
2026	495,000

Unless otherwise called for redemption, the remaining \$520,000 principal amount of the bonds due December 31, 2027 is to be paid at stated maturity.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. LONG TERM OBLIGATIONS (Continued)

The term bonds maturing on December 1, 2030, have an interest rate of 4.75 percent per year and are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2028, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2028	\$545,000
2029	570,000

Unless otherwise called for redemption, the remaining \$595,000 principal amount of the bonds due December 1, 2030 is to be paid at stated maturity.

The Current Interest Bonds maturing on December 1, 2012 and thereafter are subject to optional redemption, in whole or in part on any date in inverse order of maturity, by lot within the maturity, at the option of the District on or after December 1, 2012 at the redemption price of 100 percent.

If fewer than all of the outstanding Current Interest Bonds of a single maturity are called for redemption, the selection of Current Interest Bonds to be redeemed, or portion thereof in amounts of \$5,000 or any integral multiple thereof, shall be made by lot by the Paying Agent and Registrar in any manner which the Paying Agent or Registrar may determine.

Total expenditures for interest for the above debt for the period ended June 30, 2011 was \$355,383.

The scheduled payments of principal and interest on debt outstanding at June 30, 2011 are as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$270,000	\$351,883	\$621,883
2013	280,000	342,837	622,837
2014	290,000	333,178	623,178
2015	300,000	322,737	622,737
2016	310,000	311,638	621,638
2017 - 2021	1,735,000	1,361,647	3,096,647
2022 - 2026	2,155,000	943,583	3,098,583
2027 - 2031	2,725,000	382,687	3,107,687
Total	<u>\$8,065,000</u>	<u>\$4,350,190</u>	<u>\$12,415,190</u>

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. PROPERTY TAXES

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

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

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

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2011 (other than public utility property) represents the collection of 2011 taxes. Tangible personal property taxes received in calendar year 2011 were levied after April 1, 2011, on the value as of December 31, 2010. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30. This year, the June 2011 tangible personal property tax settlement was not received until July 2011.

The District receives property taxes from Williams and Defiance counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2011 taxes are based are as follows:

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. PROPERTY TAXES (Continued)

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$57,698,500	82%	\$58,060,020	82%
Industrial/Commercial	9,678,280	14%	9,473,260	13%
Public Utility	3,050,000	4%	3,419,970	5%
Tangible Personal	277,950	0%	134,700	0%
Total Assessed Value	<u>\$70,704,730</u>	<u>100%</u>	<u>\$71,087,950</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$48.80		\$48.80	

7. INCOME TAX

In 1991, the voters of the District passed a 1 percent school income tax on wages earned by residents of the District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ending June 30, 2011, the District recorded income tax revenue of \$652,698 in the General fund.

8. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and liability. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

Settled claims have not exceeded the amount of commercial coverage in any of the past three years and there has been no significant reduction in the amount of insurance coverage from last year.

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which include health, dental, and life insurance plans. Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. RISK MANAGEMENT (Continued)

Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

9. DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81 percent of annual covered salary was 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$99,528, \$156,634 and \$72,473 respectively; 85 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

9. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$320,632, \$299,879, and \$289,283 respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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 Retirement System. As of June 30, 2011, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. POST-EMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount. For 2011, the minimum compensation level was established at \$35,800. The District's SERS surcharge amount for 2011 was \$11,388.

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 District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$23,439, \$17,713, and \$44,393 respectively; 85 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$6,405, \$9,315 and \$5,980, respectively; 85 percent has been contributed for fiscal year 2011 and 100 percent for fiscal year 2010 and 2009.

B. State Teachers Retirement System

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

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. POST-EMPLOYMENT 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 District’s contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$24,664, \$23,068, and \$22,253, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

11. COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 26 days. Employees with less than one year of service also accrue vacation, according to the Ohio Revised Code, not to exceed 10 days. Employees are permitted to carry over vacation leave into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee retiring with five to nineteen years of service to the District is limited to 25 percent of the accumulated sick leave. Employees retiring with twenty or more years of service to the District are paid 30 percent of their accumulated sick leave. The amount of accumulated sick leave for all employees is limited to 220 days with a maximum of 220 days for retirement purposes.

12. STATUTORY RESERVES

The 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Current Year Set-aside Requirement	\$89,966	\$89,966	\$179,932
Qualifying Disbursements	(91,843)		(91,843)
Excess Qualified Disbursements from Prior Years	(564,129)		(564,129)
Current Year Offsets		(89,966)	(89,966)
Total	<u>(\$566,006)</u>	<u> </u>	<u>(\$566,006)</u>
Cash Balance Carried Forward to FY 2012	<u>(\$566,006)</u>	<u> </u>	<u>(\$566,006)</u>

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. STATUTORY RESERVES (Continued)

The District has qualifying cash disbursements during the fiscal year that reduced the set-aside amount to below zero. Current year offsets do not carry forward. The negative amounts may be used to offset future year textbook set-aside requirements; however, they may not be used to reduce capital set-aside requirements.

13. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. 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. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NBEC during the fiscal year were \$59,592. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Fulton County Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. The District made no payments to the Four County Career Center. To obtain financial information write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

D. Northwest Ohio Special Education Regional Resource Center

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to provide services to families, educators, and agencies regarding educational law and curriculum and instruction for students with disabilities.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The SERRC serves a thirteen county area in Northwest Ohio. The Governing Board consists of superintendents from each of the cooperating School Districts, the fiscal agent superintendent, two parents of children with disabilities, one superintendent of a county board of MR/DD, one representative from a chartered non-public school, one representative from the University of Toledo, one representative from Bowling Green State University, one representative from a community school, and any other representatives from other agencies as designated by the Governing Board or the Ohio Department of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from David Michel, Eastwood Local School District, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.

E. Northwest Ohio Regional Professional Development Center

The Northwest Ohio Regional Professional Development Center (RPDC) is a jointly governed organization among the school districts in Defiance, Erie, Fulton, Henry, Lucas, Ottawa, Sandusky, Williams, and Wood counties. The RPDC focuses on the implementation of academic content standards and the deployment of State initiatives. All activities reflect definition of high quality professional development, including job-embedded, connected to strategic goals, sustained, intensive skill building, and measurement of impact on student learning. The Center is governed by a fifteen member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Northwest Ohio Regional Professional Development Center, 414 Emerald Street, 2nd Floor, Toledo, Ohio 43602.

14. GROUP PURCHASING POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council Employee Insurance Benefits Program includes health, dental, life and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the Treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2011, the District contributed a total of \$579,824 for all four plans. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

14. GROUP PURCHASING POOLS (Continued)

B. NBEC Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three-member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. Each year, the participating members pay an enrollment fee of \$585 to the WCGRP to cover the costs of administering the program.

15. INTERFUND TRANSFERS

During the year ended June 30, 2011, the General Fund transferred \$12,172 to the Permanent Improvement Fund, \$3,000 to the Public School Support Fund, and \$5,621 to the Maintenance Fund for use on school related expenses.

16. INTERFUND ADVANCES

During the year ended June 30, 2011, the General Fund advanced \$17,504 to the Title I Grant to help with operations until grant monies were received. Prior year advances of \$205,892 were repaid in fiscal year 2011.

17. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

B. Litigation

There are currently no matters in litigation with the District as defendant.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

18. CHANGE IN BASIS OF ACCOUNTING

For fiscal year 2011, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. The statement also, requires certain funds to be included with the General fund.

The fund balance restatements are as follows:

	General	Other Governmental
Fund Balance, June 30, 2010	\$1,509,239	\$1,029,483
Change in Fund Structure	13,888	(13,888)
Reclassify as Major Funds		(911,060)
Restated Fund Balance, June 30, 2010	\$1,523,127	\$104,535

19. FUND BALANCE

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

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

Fund Balance	General	Bond Retirement	Permanent Improvement	Building Construction	Classroom Facilities	Other Governmental	Total Governmental Funds
Restricted For:							
Regular Instruction						\$2,454	\$2,454
Athletics						37,416	37,416
Food Service						76,002	76,002
Operations Facilities						34,265	34,265
Maintenance Debt		\$487,312					487,312
Retirement Building Construction				\$60,642	\$1,925,601		1,986,243
Total Restricted		487,312		60,642	1,925,601	150,137	2,623,692
Assigned For:							
Educational Activities	\$4,976						4,976

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

19. FUND BALANCE (Continued)

	General	Bond Retirement	Permanent Improvement	Building Construction	Classroom Facilities	Other Governmental	Total Governmental Funds
Fund Balance Unpaid Obligations	166,081						166,081
(encumbrances)							
Total Assigned Committed	171,057						171,057
For:							
Permanent Improvements			645,600				645,600
Unassigned	1,430,808						1,430,808
Total Fund Balance	\$1,601,865	\$487,312	\$645,600	\$60,642	\$1,925,601	\$150,137	\$4,871,157

20. SUBSEQUENT EVENTS

On November 21, 2011, the Board approved refinancing \$7,515,000 of the 2002 School Improvement Bonds on the construction of the high school. Sale of the bonds is not expected to begin until February 2012.

On January 9, 2012, the Board approved a resolution for the issuance and sale of bonds for the maximum principal amount of \$648,420 for the purpose of paying costs of installations, modifications, and remodeling of the school buildings in accordance with House Bill 264 Energy Conservation Projects.

EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<u>Child Nutrition Cluster:</u>				
School Breakfast Program - Cash Assistance		10.553	13,347	13,347
National School Lunch Program		10.555		
Cash Assistance			103,610	103,610
Non- Cash Assistance (Food Distribution)			32,582	32,582
Total National School Lunch Program			<u>136,192</u>	<u>136,192</u>
Total U.S. Department of Agriculture			<u>149,539</u>	<u>149,539</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
<u>Special Education Cluster:</u>				
Special Education Grants to States		84.027	134,386	134,386
ARRA - Special Education Grants to States		84.391	157,764	157,764
Total Special Education Cluster			<u>292,150</u>	<u>134,386</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act		84.394	193,998	193,998
Education Jobs Fund		84.410	134,122	134,122
Title II-D Technology Grant		84.318	267	267
<u>Title I Cluster:</u>				
Title I Grants to Local Educational Agencies		84.010	62,543	80,047
ARRA - Title I Grants to Local Educational Agencies		84.389	48,129	4,485
Total Title I Cluster			<u>110,672</u>	<u>84,532</u>
Improving Teacher Quality State Grants		84.367	21,807	21,807
Direct Assistance				
Rural Education		84.358	35,381	35,381
Total U.S. Department of Education			<u>788,397</u>	<u>604,493</u>
Totals			<u><u>\$937,936</u></u>	<u><u>\$754,032</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Edgerton Local School District
Williams County
111 East River Street
Edgerton, Ohio 43517-9623

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 Edgerton Local School District, Williams County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2012, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles and the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 21, 2012.

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

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



Dave Yost
Auditor of State

February 21, 2012



Dave Yost • Auditor of State

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

Edgerton Local School District
Williams County
111 East River Street
Edgerton, Ohio 43517-9623

To the Board of Education:

Compliance

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

Our compliance audit followed 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*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Edgerton Local School District, Williams County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-002.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-002 to be a material weakness.

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

We also noted matters involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated February 21, 2012.

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



Dave Yost
Auditor of State

February 21, 2012

**EDGERTON LOCALSCHOOL DISTRICT
WILLIAMS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any 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?	Yes
(d)(1)(iv)	Were there any 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(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Cluster – CFDA #84.027 and 84.391 Education Jobs Fund – CFDA #84.410 ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act – CFDA #84.394
(d)(1)(viii)	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 2011-001

Noncompliance Citation

Ohio Revised Code, § 117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code § 117-2-03 (B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2011, the District did not prepare its financial statements according to Governmental Accounting Standards Board Statement No. 34 but instead reported on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2011-002
CFDA Title and Number	ARRA - Special Education Grants to States - CFDA #84.391
Federal Award Number/Year	2011
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

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

Noncompliance Citation / Material Weakness

SPECIAL EDUCATION CLUSTER – SPECIAL EDUCATION GRANTS TO STATES – ARRA - REPORTING

OMB Circular A-110 - Financial Reporting, 2 CFR Section 215.52 provides a final expenditure report is to be submitted for each federal project immediately after all financial obligations have been liquidated. Actual expenditures authorized by the approved project application and charges to the project special cost center are to be reported. This report must be submitted to the Ohio Department of Education no later than 90 days after the end of the project period.

The District did not include a cash advance in the amount of \$143,894 on its 2010 Special Education-ARRA final expenditure report.

In order to help ensure all federal program receipts and expenditures are being properly reported on the District's final expenditure reports, we recommend the District adhere to budget revisions and final expenditure report timelines. Reconciliations should be performed between the final expenditure reports and the District's revenue and disbursement ledgers.

Officials' Response:

We did not receive a response from Officials to this finding.

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**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-002	Management will consult with the Ohio Department of Education to resolve these issues.	FY 2012	Margie Rinkel, Treasurer

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**EDGERTON LOCAL SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Administrative Code § 117-2-03 (B) for not reporting in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2011-001 in this report.
2010-002	Material Weakness – Failure To Record On-Behalf Grant Activity	Yes	
2010-003	Noncompliance Citation / Material Weakness – Special Education Cluster – Special Education Grants to States – ARRA – 1512 Reporting on vendors issued payments greater than \$25,000	Yes	

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Edgerton Local School District
Williams County
111 East River Street
Edgerton, Ohio 43517-9623

To the Board of Education:

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

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

We noted the Board amended its anti-harassment policy at its meeting on January 11, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

Dave Yost
Auditor of State

February 21, 2012

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Dave Yost • Auditor of State

EDGERTON LOCAL SCHOOL DISTRICT

WILLIAMS 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
MARCH 8, 2012