

**ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Ansonia Local School District, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 26, 2013

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ANSONIA LOCAL SCHOOL DISTRICT
DARKE COUNTY
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Manning & Associates Certified Public Accountants, LLC

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

INDEPENDENT AUDITORS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ansonia Local School District, Darke County, (the School District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ansonia Local School District, Darke County, as of June 30, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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 School District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities. The federal awards expenditure 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 & Analysis, and we express no opinion or any other assurance on it.

Digitally signed by Manning Associates
CPAs
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Date: 2013.03.25 08:30:43 -04'00



Manning & Associates CPAs, LLC
Dayton, Ohio

December 28, 2012

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

This discussion and analysis of the Ansonia Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Key highlights for fiscal year 2012 are as follows:

- Total net assets were \$1,803,166. For fiscal year 2011 net assets increased \$516,194 or approximately 40 percent from the previous year.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2012, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for the School District's programs. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the program.

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

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

Reporting the School District's Most Significant Funds

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

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

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

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The School District as a Whole

Table 1 provides a summary of the School District's net assets for 2012 compared to 2011 on a cash basis:

	Table 1	
	Net Assets	
	Governmental Activities	
	FY 2012	FY 2011
Assets		
Equity in Pooled Cash, Cash Equivalents and Investments	\$1,803,166	\$1,286,972
Total Assets	1,803,166	1,286,972
Net Assets		
Restricted for:		
Debt Service	298,936	281,578
Capital Outlay	34,054	111,060
Other Purposes	162,692	240,321
Unrestricted	1,307,484	654,013
Total Net Assets	\$1,803,166	\$1,286,972

Total net assets increased \$516,194 or 40 percent during the fiscal year. Net assets restricted for other purposes decreased \$77,629 during fiscal year 2012 due mostly to the elimination in the required set-asides for textbooks. Unrestricted net assets increased due to the elimination of this set-aside, an increase in income taxes, and strict monitoring of expenditures.

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Table 2 reflects the changes in net assets in fiscal year 2012 and a comparative balance to fiscal year 2011.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	FY 2012	FY 2011
Receipts:		
<i>Program Receipts:</i>		
Charges for Services	\$1,044,532	\$1,109,741
Operating Grants and Contributions	1,168,231	1,119,801
Total Program Receipts	<u>2,212,763</u>	<u>2,229,542</u>
General Receipts:		
Property and Other Local Taxes	1,352,456	1,279,593
Income Taxes	880,121	458,793
Grants and Entitlements Not Restricted to Specific Programs	3,920,654	3,687,310
Earnings on Investments	4,061	6,385
Miscellaneous	21,724	15,249
Total General Receipts	<u>6,179,016</u>	<u>5,447,330</u>
Total Receipts	<u>8,391,779</u>	<u>7,676,872</u>
<i>Program Disbursements:</i>		
Instruction:		
Regular	2,898,369	2,729,039
Special	949,163	967,772
Vocational	200,759	274,801
Other	233,005	305,306
Support Services:		
Pupil	315,194	382,258
Instructional Staff	419,458	366,870
Board of Education	51,887	46,127
Administration	627,462	589,519
Fiscal	121,084	132,549
Business	1,244	848
Operation and Maintenance of Plant	546,890	554,350
Pupil Transportation	753,529	641,948
Central	12,493	15,971
Operation of Non-instructional Services	306,225	285,299
Extracurricular Activities	247,238	254,625
Debt Service: Principal	155,000	168,000
Interest	36,585	39,491
Total Disbursements	<u>7,875,585</u>	<u>7,754,773</u>
Increase (Decrease) in Net Assets	516,194	(77,901)
Net Assets, January 1	<u>1,286,972</u>	<u>1,364,873</u>
Net Assets, December 31	<u>\$1,803,166</u>	<u>\$1,286,972</u>

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Governmental Activities

General receipts of \$6,179,016 are primarily made up of unrestricted grants and entitlements which accounted for about 47 percent of the total cash received during the year. Property and income taxes accounted for 27 percent of receipts. Program cash receipts of \$2,212,763, which are represented by charges for services and operating grants, contributions and interest accounted for 26 percent of total receipts. Operating grants, contributions and interest accounted for 14 percent of the total Program cash receipts. Charges for services accounted for the other 12 percent of the total Program cash receipts. The other one percent of receipts was for interest and miscellaneous receipts.

Instruction accounted for approximately 54 percent of total cash disbursements for fiscal year 2012, with Regular Instruction making up the largest share at about 37 percent of total disbursements. Special Instruction disbursements increased during fiscal year 2012 due to increases in federal grant money for special education. Board of education, administration, fiscal and business disbursements accounted for another 10 percent of disbursements. Pupil and instructional staff support services accounted another 9 percent of total disbursements. Pupil transportation accounted for about 10 percent of total disbursements. Pupil transportation increased due to converting four buses to operate solely on CNG. Operation and maintenance of plant disbursements were about 7 percent of total disbursements. Operation of non-instructional services, which includes food services costs, accounted for 4 percent of total disbursements and Extracurricular Activities accounted for about 3 percent of total disbursements.

Statement of Activities

If you look at the Statement of Activities, you will see that the first column lists the major activities of the School District. The next column identifies the costs of providing these services. The next two columns of the Statement entitled Program Receipts identify, in general, the source of the receipts. The amounts are either paid by people who are directly charged for the service or grants and contributions received by the School District that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3, along with the same information for fiscal year 2011. That is, it identifies the cost of these services supported by taxes, unrestricted State entitlements and investment earnings.

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

(Table 3)
Governmental Activities

	FY 12		FY 11	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:				
Regular	\$2,898,369	\$1,904,343	\$2,729,039	\$1,949,164
Special	949,163	726,309	967,772	669,224
Vocational	200,759	136,844	274,801	210,886
Other	233,005	233,005	305,306	305,306
Support Services:				
Pupil	315,194	108,465	382,258	162,841
Instructional Staff	419,458	208,618	366,870	235,638
Board of Education	51,887	51,887	46,127	46,127
Administration	627,462	547,938	589,519	501,403
Fiscal	121,084	121,084	132,549	132,549
Business	1,244	1,244	848	848
Operation and Maintenance of Plant	546,890	546,890	554,350	376,347
Pupil Transportation	753,529	695,877	641,948	534,640
Central	12,493	12,493	15,971	15,971
Operation of Non-Instructional Services	306,225	(1,834)	285,299	8,593
Extracurricular Activities	247,238	178,074	254,625	168,203
Debt Service: Principal	155,000	155,000	165,000	165,000
Interest	36,585	36,585	42,491	42,491
Total Disbursements	<u>\$7,875,585</u>	<u>\$5,662,822</u>	<u>\$7,754,773</u>	<u>\$5,525,231</u>

Charges for services, operating grants and capital grants of approximately 26 percent of total cash receipts were received and used to fund the expenses of the School District. The remaining 74 percent of cash receipts were from taxes, unrestricted State entitlements, investment earnings and miscellaneous receipts. The School District relies on these receipts to furnish the services it provides to students.

The School District's Funds

The School District's governmental funds are accounted for on a cash basis of accounting. All governmental funds had total receipts of \$8,391,779 and total disbursements of \$7,785,585.

During fiscal year 2012, the School District had two major funds; the General Fund and Bond Retirement Fund.

The General Fund is the chief operating fund of the School District. As the end of fiscal 2012, unassigned fund balance of the General Fund was \$1,200,529 an increase over prior year. The greatest change within funds occurred in the General Fund which had an increase of \$584,078 in fund balance due to an increase in income taxes and strict monitoring of expenditures.

The Bond Retirement Fund had an increase of \$17,358 for fiscal year end 2012.

Ansonia Local School District
Darke County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Major Funds Budgeting Highlights

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

During the course of the 2012 fiscal year, the School District amended its General Fund budget as needed. Original appropriations were budgeted at \$6,712,020, and final appropriations of \$6,274,332, while actual expenditures plus encumbrances were \$6,274,332.

Capital Assets

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

Debt

At June 30, 2011, the School District had \$1,397,999 outstanding in general obligation bonds. During fiscal year 2012, the School District made principal payments of \$155,000 on these bonds; the balance at June 30, 2012 was \$1,242,999. The bonds are being paid through the Bond Retirement Fund with property tax revenue. For more information on the School District's debt see Note 12 of the notes to the basic financial statements.

Current Financial Issues and Concerns

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

Contacting the School District's Financial Management

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

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Ansonia Local School District
Darke County, Ohio
Statement of Net Assets - Cash Basis
June 30, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$1,803,166</u>
<i>Total Assets</i>	<u><u>\$1,803,166</u></u>
Net Assets	
Restricted for:	
Debt Service	\$298,936
Capital Outlay	34,054
Other Purposes	162,692
Unrestricted	<u>1,307,484</u>
<i>Total Net Assets</i>	<u><u>\$1,803,166</u></u>

See accompanying notes to the basic financial statements.

Ansonia Local School District
Darke County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2012

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions
Governmental Activities			Governmental Activities
Instruction:			
Regular	\$2,898,369	\$692,970	\$301,056
Special	949,163	108,424	114,430
Vocational	200,759	0	63,915
Other	233,005	0	0
Support Services:			
Pupil	315,194	44,998	161,731
Instructional Staff	419,458	0	210,840
Board of Education	51,887	0	0
Administration	627,462	73,149	6,375
Fiscal	121,084	0	0
Business	1,244	0	0
Operation and Maintenance of Plant	546,890	0	0
Pupil Transportation	753,529	57,652	0
Central	12,493	0	0
Operation of Non-Instructional Services	306,225	0	308,059
Extracurricular Activities	247,238	67,339	1,825
Debt Service:			
Principal	155,000	0	0
Interest	36,585	0	0
<i>Totals</i>	<u>7,875,585</u>	<u>1,044,532</u>	<u>1,168,231</u>
General Receipts			
Property Taxes Levied for:			
General Purposes			1,102,893
Debt Service			185,235
Capital Outlay			42,885
Classroom Maintenance			21,443
Income Taxes Levied for General Purposes			880,121
Grants and Entitlements not Restricted to Specific Programs			3,920,654
Interest			4,061
Miscellaneous			21,724
<i>Total General Receipts</i>			<u>6,179,016</u>
Change in Net Assets			516,194
<i>Net Assets Beginning of Year</i>			<u>1,286,972</u>
<i>Net Assets End of Year</i>			<u><u>\$1,803,166</u></u>

See accompanying notes to the basic financial statements.

Ansonia Local School District
Darke County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
As of June 30, 2012

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash, Cash Equivalents and Investments	\$1,301,655	\$298,936	\$147,077	\$1,747,668
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	<u>55,498</u>	<u>0</u>	<u>0</u>	<u>55,498</u>
<i>Total Assets</i>	<u><u>\$1,357,153</u></u>	<u><u>\$298,936</u></u>	<u><u>\$147,077</u></u>	<u><u>\$1,803,166</u></u>
Fund Balances				
Restricted	55,498	298,936	141,248	495,682
Committed	0	0	5,829	5,829
Assigned	101,126	0	0	101,126
Unassigned	<u>1,200,529</u>	<u>0</u>	<u>0</u>	<u>1,200,529</u>
<i>Total Fund Balances</i>	<u><u>1,357,153</u></u>	<u><u>298,936</u></u>	<u><u>147,077</u></u>	<u><u>1,803,166</u></u>

See accompanying notes to the basic financial statements.

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

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2012*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,102,893	\$185,235	\$64,328	\$1,352,456
Income Tax	880,121	0	0	880,121
Intergovernmental	3,921,869	28,677	983,098	4,933,644
Interest	4,061	0	0	4,061
Tuition and Fees	814,707	0	71,425	886,132
Extracurricular Activities	73,149	0	67,339	140,488
Contributions and Donations	1,350	0	3,325	4,675
Charges for Services	0	0	149,830	149,830
Miscellaneous	39,286	0	1,086	40,372
<i>Total Receipts</i>	<u>6,837,436</u>	<u>213,912</u>	<u>1,340,431</u>	<u>8,391,779</u>
Disbursements				
Current:				
Instruction:				
Regular	2,556,804	0	341,565	2,898,369
Special	828,855	0	120,308	949,163
Vocational	200,759	0	0	200,759
Other	232,232	0	773	233,005
Support Services:				
Pupil	154,409	0	160,785	315,194
Instructional Staff	310,626	0	108,832	419,458
Board of Education	51,887	0	0	51,887
Administration	620,612	0	6,850	627,462
Fiscal	114,372	4,969	1,743	121,084
Business	1,244	0	0	1,244
Operation and Maintenance of Plant	477,969	0	68,921	546,890
Pupil Transportation	517,881	0	235,648	753,529
Central	12,493	0	0	12,493
Operation of Non-Instructional Services	0	0	306,225	306,225
Extracurricular Activities	168,574	0	78,664	247,238
Debt Service:				
Principal	0	155,000	0	155,000
Interest	0	36,585	0	36,585
<i>Total Disbursements</i>	<u>6,248,717</u>	<u>196,554</u>	<u>1,430,314</u>	<u>7,875,585</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>588,719</u>	<u>17,358</u>	<u>(89,883)</u>	<u>516,194</u>
Other Financing Sources (Uses)				
Advances In	0	0	4,641	4,641
Advances Out	(4,641)	0	0	(4,641)
<i>Total Other Financing Sources (Uses)</i>	<u>(4,641)</u>	<u>0</u>	<u>4,641</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	584,078	17,358	(85,242)	516,194
<i>Fund Balances Beginning of Year, restated - Note 3</i>	<u>773,075</u>	<u>281,578</u>	<u>232,319</u>	<u>1,286,972</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,357,153</u></u>	<u><u>\$298,936</u></u>	<u><u>\$147,077</u></u>	<u><u>\$1,803,166</u></u>

See accompanying notes to the basic financial statements.

Ansonia Local School District
Darke County, Ohio

*Statement of Receipts, Disbursements and Changes in Fund Cash Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,021,000	\$1,102,893	\$1,102,893	\$0
Income Taxes	675,000	880,121	880,121	0
Intergovernmental	3,616,000	3,921,869	3,921,869	0
Tuition and Fees	754,500	814,707	814,707	0
Interest	6,300	3,370	4,061	691
Gifts and Donations	0	550	550	0
Miscellaneous	40,000	39,288	39,286	(2)
<i>Total Revenues</i>	<u>6,112,800</u>	<u>6,762,798</u>	<u>6,763,487</u>	<u>689</u>
Expenditures				
Current:				
Instruction:				
Regular	2,709,104	2,562,761	2,562,759	2
Special	1,045,668	832,013	832,013	0
Vocational	201,203	205,225	205,225	0
Other	320,632	232,232	232,232	0
Support Services:				
Pupil	159,529	155,069	155,069	0
Instructional Staff	302,878	312,708	312,708	0
Board of Education	47,270	54,251	54,251	0
Administration	528,403	550,437	550,437	0
Fiscal	128,961	130,513	130,513	0
Business	1,000	1,244	1,244	0
Operation and Maintenance of Plant	551,544	506,748	506,748	0
Pupil Transportation	489,633	550,064	550,064	0
Central	27,895	12,493	12,493	0
Extracurricular Activities	198,300	168,574	168,574	0
<i>Total Expenditures</i>	<u>6,712,020</u>	<u>6,274,332</u>	<u>6,274,330</u>	<u>2</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(599,220)</u>	<u>488,466</u>	<u>489,157</u>	<u>691</u>
Other Financing Sources (Uses):				
Advances In	0	(4,641)	(4,641)	0
<i>Net Change in Fund Balance</i>	(599,220)	483,825	484,516	691
<i>Fund Balance Beginning of Year, restated 3</i>	680,929	680,929	680,929	0
Prior Year Encumbrances Appropriated	79,026	79,026	79,026	0
<i>Fund Balance End of Year</i>	<u>\$160,735</u>	<u>\$1,243,780</u>	<u>\$1,244,471</u>	<u>\$691</u>

See accompanying notes to the basic financial statements.

Ansonia Local School District
Darke County, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
June 30, 2012

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$19,846</u></u>
Liabilities	
Held for Students	<u><u>\$19,846</u></u>

See accompanying notes to the basic financial statements.

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Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Reporting Entity

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

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

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

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which are not classified as program receipts, are presented as general receipts of the School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general resources of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

B. Fund Accounting

The School 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 that records cash and other financial resources, and changes therein, which are segregated for the purposes of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. The funds of the School District are divided into two categories, governmental and fiduciary.

1. Governmental Funds

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

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

Bond Retirement Fund – The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of general long-term and short-term debt principal and interest.

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

2. Fiduciary Funds

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

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the function level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in pooled accounts or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

For purposes of financial reporting, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months and which are not purchased with pooled monies are reported as investments.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The School District invested in shares of Federal National Mortgage Association and STAROhio. Investments are reported at cost, except for STAROhio. STAROhio is an investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2012. Investment earnings are allocated as authorized by State statute based upon School District policy.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2012 were \$4,061, which includes \$1,006 assigned from other School District funds.

F. Restricted Assets

Cash and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation is the source of the restrictions. Restricted cash and investments in the General Fund include amounts required to be spent on bus purchases and amounts State statute requires to be set aside for textbooks and instructional materials, and to create a budget reserve. See Note 13 for additional information regarding set-asides.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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 School District.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-term Debt Obligations

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

M. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the student lunches served are recorded as receipts when the grant is received.

N. Interfund Activity

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

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 and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

O. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, interest, operating and capital grants and contributions. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Equity Classifications

Government-Wide Statements

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

- a) Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net assets restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services. As of June 30, 2012, the School District did not have any net assets restricted by enabling legislation.

- b) Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

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

Fund Financial Statements

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

- a. **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.

- b. **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.

- c. **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.

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

The School District 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.

NOTE 3 – RESTATEMENT OF FUND BALANCE

The fund balance on the Budget (non-GAAP Basis) was restated \$12,159 at June 30, 2011 from \$693,088 to 680,929. The restatement was a result of presenting only the legally adopted budget for the General Fund for fiscal year 2012. In the past, the budgetary basis presentation included all funds that were included with the General Fund on a cash basis.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis – Governmental Funds, presented for each of the General Fund and the OSFC Permanent Improvement Maintenance Fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- (b) difference in perspective arises from some funds are included in the General Fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the cash basis to the budget basis for each fund is as follows:

	FY 2012
Cash Basis	\$ 584,080
Less Adjustment for Encumbrances	(97,430)
Perspective Difference	(2,134)
Budget Basis	\$ 484,516

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 5 – 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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2012, the carrying amount of the School District’s deposits was \$176,604 and the bank balance was \$230,877. All of the School Districts deposits were insured by the federal depository insurance, based on the criteria described in GASB Statement 40, “Deposits and Investment Risk Disclosures”.

Investments

As of June 30, 2012 the School District had the following investments:

Investment Type	Maturity Dates	Carrying Value
STAR Ohio	Various	\$1,496,408
Federal National Mortgage	09/30/2015	150,000
Total Investments		\$1,646,408

Interest Rate Risk -The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy addresses interest rate risk by requiring that the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

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

Credit Risk -Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District’s policy allows the Treasurer to invest in those investments authorized by the Ohio Revised Code, and places additional limitations with amounts authorized for investment in certain types.

At June 30, 2012 t he School District’s investments in US Government/Agency Bonds consist of securities in Federal National Mortgage Association which are rated AA+ by Standard and Poor’s.

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012, i s 53 days and carries a rating of AAAM by Standard and Poor’s.

Concentration of Risk – The School District places no limits on the amount the School District may invest in any one issuer. At June 30, 2012, 91% of the School District’s investments were in STAR Ohio and 9% were in the Federal National Mortgage Association.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax receipts received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 8 - RISK MANAGEMENT, (Continued)

The coverage is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$ 21,597,689
Inland Marine Coverage (\$500 deductible)	1,090,051
Boiler and Machinery - Included in Building and Contents	
Automobile Liability (\$250 comprehensive deductible) (\$500 collision deductible)	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Limit	1,000,000

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

Workers' Compensation

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

Employee Medical Benefits

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$113,116, \$108,396, and \$118,369 respectively; 40 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System

Plan Description - The School 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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$431,958, \$396,815, and \$405,595 respectively; 84 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$13,467 made by the School District and \$9,619 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2012, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage.

SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 105(e). For 2012, .55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$33,228, \$27,106, and \$18,081, respectively; 53 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011 and 2010 were \$6,692, \$6,977, and \$7,040; 40 percent has been contributed for fiscal year 2012 and 100 percent has been contributed for fiscal year 2011 and 2010.

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

The School District's contributions for post employment health care for fiscal years ended June 30, 2012, 2011 and 2010 were \$18,306, \$30,524, and \$31,230, respectively; 40 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Insurance Benefits

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

C. Deferred Compensation Plan

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	Principal Outstanding 6/30/11	Additions	Reductions	Principal Outstanding 6/30/12	Maturity Due in One Year
Class Facilities Bonds 2000 5%	48,000	0	0	48,000	18,577
Class Facilities Bonds 2010 1.0% - 3.70%	1,394,999	0	155,000	1,194,999	25,000

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

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

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

Fiscal year Ending June 30,	Principal	Interest	Total
2013	\$ 43,577	\$ 146,983	\$ 190,560
2014	40,868	149,192	190,060
2015	38,555	151,005	189,560
2016	58,913	130,397	189,310
2017	51,086	143,224	194,310
2018-2022	825,000	107,019	932,019
2023	185,000	3,423	188,423
Total	<u>\$1,242,999</u>	<u>\$831,243</u>	<u>\$2,074,242</u>

NOTE 13 - SET-ASIDE CALCULATIONS

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

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 13 - SET-ASIDE CALCULATIONS (Continued)

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

	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2011	(\$2,148,563)	\$55,498
Current Year Set-aside Requirement	119,191	0
Current Year Offsets	(64,328)	0
Qualifying Disbursements	0	0
Set-aside Balances Carried Forward to Future Fiscal Years	(\$2,093,070)	\$55,498
Set-aside Reserve Balances as of June 30, 2012	\$0	\$55,498

The School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. The negative amount can be carried forward as it represents proceeds of bonds from prior fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$55,498.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Metropolitan Dayton Educational Cooperative Association

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA \$16,361 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 225 Linwood Street, Dayton, Ohio 45405.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS, (Continued)

B. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member school districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member school district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member school districts. Any school district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2012 the School District paid \$542 SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

NOTE 15 - INSURANCE PURCHASING POOLS

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

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

B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

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

NOTE 16 - INTERFUND ADVANCES

During the fiscal year 2012, the general fund had an advance out to the Race to the Top Grant Fund, which will be paid back during fiscal year 2013 when the grant funds are received.

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 17 – FUND BALANCE

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

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

	<u>General</u>	<u>Bond Retirement Funds</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Restricted for:				
Debt Retirement		298,936		298,936
Textbooks and Materials				
Budget Reserve	55,498			55,498
Bus Purchase				
Martha Holden Jennings Grant			1,496	1,496
Vocational Education			654	654
Facilities Maintenance			24,119	24,119
Permenant improvements			34,051	34,051
Educational Management Information Systems			6,620	6,620
Professional Development			1,349	1,349
Expanded Workforce			29	29
Drug Free Grant			429	429
Food service Obligations			45,577	45,577
Clean Fuels			20,154	20,154
Athletics			6,770	6,770
Total Restricted	<u>55,498</u>	<u>298,936</u>	<u>141,248</u>	<u>495,682</u>
Committed to:				
Preschool			5,829	5,829
Total Committed	<u>0</u>	<u>0</u>	<u>5,829</u>	<u>5,829</u>
Assigned to:				
Unpaid Obligations	97,430			97,430
Educational Activities	479			479
Scholarships	1,500			1,500
Supplies	1,717			1,717
Total Assigned	<u>101,126</u>	<u>0</u>	<u>0</u>	<u>101,126</u>
Unassigned	<u>1,200,529</u>	<u>0</u>	<u>0</u>	<u>1,200,529</u>
Total Fund Balance	<u>\$1,357,153</u>	<u>\$ 298,936</u>	<u>\$147,077</u>	<u>\$1,803,166</u>

Ansonia Local School District
Darke County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 18 - CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

NOTE 19 – STUDENT ATTENDANCE DATA

The Auditor of State is currently performing statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education at a later date.

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. This also encompasses the Auditor of State’s ongoing review of student data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable cannot be determined at this time.

NOTE 20 – COMPLIANCE

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

Ansonia Local School District
Darke County
Schedule of Federal Awards, Receipts and Expenditures
For the Fiscal Year Ended June 30, 2012

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed Through the Ohio Department of Education:</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555	\$ 0	\$ 36,575	\$ 0	\$ 36,575
Cash Assistance:					
School Breakfast Program	10.553	26,824		26,824	
National School Lunch Program	10.555	127,464	0	127,464	0
Total Nutrition Cluster		<u>154,288</u>	<u>36,575</u>	<u>154,288</u>	<u>36,575</u>
Total U.S. Department of Agriculture		<u>154,288</u>	<u>36,575</u>	<u>154,288</u>	<u>36,575</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Passed Through the Ohio Department of Education:</i>					
Title I Cluster:					
Title I Grants to Local Educational Agencies	84.010	91,074	0	91,074	0
Education Jobs Grants	84.410	229,478		229,478	
Safe and Drug-Free Schools and Communities_State Grants	84.186	431	0	1,461	0
Education Technology State Grants	84.318	1,389	0	1,389	0
Rural Education Achievement (REAP)	84.358	40,539	0	40,539	0
Race to the Top	84.395	20,552	0	27,934	0
Improving Teacher Quality Grants	84.367	20,394	0	20,394	0
Total U.S. Department of Education		<u>403,857</u>	<u>0</u>	<u>412,269</u>	<u>0</u>
<u>U.S. DEPARTMENT OF ENERGY</u>					
Conservation Research and Development - Clean Fuels Ohio	81.086	156,663	0	152,046	0
Total Federal Assistance		<u>\$ 714,808</u>	<u>\$ 36,575</u>	<u>\$ 718,603</u>	<u>\$ 36,575</u>

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

Ansonia Local School District
Darke County
Notes to the Schedule of Federal Awards, Receipts and Expenditures
For the Fiscal Year Ended June 30, 2012

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – MATCHING REQUIREMENTS

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

Manning & Associates Certified Public Accountants, LLC

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

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ansonia Local School District, Darke County, (the School District), as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 28, 2012, wherein we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2012-001.

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

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

Digitally signed by Manning
Associates CPAs
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email=scomer@manningcpallc.co
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Date: 2013.03.25 08:30:21 -04'00



Manning & Associates CPAs, LLC
Dayton, Ohio

December 28, 2012

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

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

To the Board of Education:
Compliance

We have audited the compliance of Ansonia Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Ansonia Local School District's major federal programs for the year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School 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 School 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 School District's compliance with these requirements.

In our opinion, the Ansonia Local School District, Darke County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

Ansonia Local School District
Darke County

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

Page 2

Internal Control Over Compliance

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

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

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

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

Digitally signed by Manning Associates
CPAS
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email=scomer@manningcpallc.com, c=US
Date: 2013.03.25 08:30:02 -04'00



Manning & Associates CPAs, LLC
Dayton, Ohio

December 28, 2012

Ansonia Local School District
Darke County
Schedule of Findings
OMB Circular A-133 § .505
June 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.410: Education Jobs Fund CFDA #10.553 & 10.555 Nutrition Cluster
(d)(1)(vi)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2012-001

Failure to file GAAP financial statements

Noncompliance Citation

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

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

For 2012, the School District prepared its financial statements, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

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

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Ansonia Local School District
Darke County
Schedule of Prior Audit Findings and Questioned Costs
For The Fiscal Years Ended June 30, 2012

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; Explain
2011-001	Financial statement reported in accordance with GAGAS	No	Reissued as finding 2012-001



Dave Yost • Auditor of State

ANSONIA LOCAL SCHOOL DISTRICT

DAYTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 9, 2013**