



Dave Yost • Auditor of State

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Antwerp Local School District
Paulding County
303 South Harrmann Road
Antwerp, Ohio 45813-9574

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the District), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Antwerp Local School District, Paulding County, Ohio, as of June 30, 2013 and 2012, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position (formerly known as net assets), changes in net position (formerly known as net assets), governmental activities, and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion on any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 23, 2014

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**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)*

The discussion and analysis of the Antwerp Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position increased \$258,846 due to the District closely monitoring their expenditures.
- Outstanding debt decreased from \$2,105,894 to \$1,960,431 through principal payments made during the current year.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2013, the General Fund, the Bond Retirement Fund, and Permanent Improvement Fund are the District's most significant funds.

Basis of Accounting

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

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

**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)
(Continued)*

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question.

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

In the statement of net position and the statement of activities, governmental activities include the District's programs and services, including instruction, support services, extracurricular activities and operation of non-instructional services (i.e., food service).

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds include the General Fund, the Bond Retirement Fund, and Permanent Improvement Fund.

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

Reporting the District's Fiduciary Responsibilities

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

**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)
(Continued)*

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2013 compared to 2012.

**(Table 1)
Net Position – Cash Basis**

	Governmental Activities	
	2013	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,156,178	\$3,897,595
Cash and Cash Equivalents with Fiscal Agents	323	60
<i>Total Assets</i>	<u>4,156,501</u>	<u>3,897,655</u>
Net Position		
Restricted for:		
Capital Outlay	730,948	720,005
Debt Service	460,333	379,129
Other Purposes	123,658	121,442
Unrestricted	<u>2,841,562</u>	<u>2,677,079</u>
<i>Total Net Position</i>	<u>\$4,156,501</u>	<u>\$3,897,655</u>

Net position of the governmental activities increased \$258,846, which represents a 6.64 percent increase from fiscal year 2012.

A portion of the District's net position, \$1,314,969 or 31.64 percent, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$2,841,562 may be used to meet the District's ongoing obligations.

**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)
(Continued)*

Table 2 shows the changes in net position for fiscal year 2013 as compared to fiscal year 2012.

**(Table 2)
Changes in Net Position – Cash Basis**

	Governmental Activities	
	2013	2012
Receipts		
<i>Program Receipts</i>		
Charges for Services and Sales	\$683,693	\$601,826
Operating Grants, Contributions and Interest	459,879	415,805
Capital Grants, Contributions and Interest	0	2,480
<i>Total Program Receipts</i>	1,143,572	1,020,111
<i>General Receipts</i>		
Property Taxes	1,570,137	1,608,542
Income Taxes	1,028,178	1,035,347
Grants and Entitlements not Restricted to Specific Programs	3,575,802	3,562,347
Proceeds of Refunding Bonds Issued	0	1,805,000
Premium on Debt Issuance	0	129,621
Investment Earnings	14,276	8,034
Miscellaneous	6,777	7,480
<i>Total General Receipts</i>	6,195,170	8,156,371
<i>Total Receipts</i>	7,338,742	9,176,482

**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)
(Continued)*

**(Table 2)
Changes in Net Position – Cash Basis
(Continued)**

	Governmental Activities	
	2013	2012
<i>Program Disbursements</i>		
Instruction:		
Regular	2,893,971	2,874,644
Special	859,480	688,157
Adult/Continuing	5,000	5,000
Student Intervention Services	28,193	67,575
Other	132,273	166,293
Support Services:		
Pupils	73,402	71,893
Instructional Staff	246,912	277,425
Board of Education	6,407	9,489
Administration	566,794	542,247
Fiscal	213,387	234,937
Operation and Maintenance of Plant	714,678	785,161
Pupil Transportation	350,037	355,321
Central	10,000	9,000
Operation of Non-Instructional Services:		
Food Service Operations	246,645	243,689
Extracurricular Activities	263,861	264,782
Capital Outlay	101,948	108,626
Debt Service:		
Principal Retirement	165,000	160,000
Interest and Fiscal Charges	59,271	46,308
Issuance Costs	0	63,533
Intergovernmental	142,637	147,731
Payment to Refunded Bond Escrow Agent	0	1,871,088
<i>Total Program Disbursements</i>	7,079,896	8,992,899
<i>Change in Net Position</i>	258,846	183,583
<i>Net Position Beginning of Year</i>	3,897,655	3,714,072
<i>Net Position End of Year</i>	\$4,156,501	\$3,897,655

Governmental Activities

Several receipt sources fund the District's governmental activities with the school foundation program being the largest contributor. School foundation provided approximately \$3.3 million in fiscal year 2013. Property and income tax levies generated approximately \$2.6 million in fiscal year 2013. With the combination of taxes and intergovernmental funding comprising 90.3 percent of receipts in governmental activities, the District monitors both of these receipt sources very closely for fluctuations.

**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)
(Continued)*

The majority of program disbursements for governmental activities are for instruction, which accounts for 55.35 percent of all governmental disbursements. Other programs which support the instruction process account for 30.81 percent of governmental disbursements. The remaining 13.84 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**(Table 3)
Governmental Activities – Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2013	2012	2013	2012
<i>Program Disbursements</i>				
Instruction:				
Regular	\$2,893,971	\$2,874,644	\$2,425,425	\$2,460,516
Special	859,480	688,157	728,673	615,062
Adult/Continuing	5,000	5,000	5,000	5,000
Student Intervention Services	28,193	67,575	7,291	47,318
Other	132,273	166,293	131,655	166,293
Support Services:				
Pupils	73,402	71,893	73,402	71,893
Instructional Staff	246,912	277,425	240,812	253,825
Board of Education	6,407	9,489	6,407	9,489
Administration	566,794	542,247	566,794	542,247
Fiscal	213,387	234,937	213,387	234,937
Operation and Maintenance of Plant	714,678	785,161	687,506	764,626
Pupil Transportation	350,037	355,321	350,037	355,321
Central	10,000	9,000	10,000	9,000
Operation of Non-Instructional Services:				
Food Service Operations	246,645	243,689	14,405	8,332
Extracurricular Activities	263,861	264,782	149,565	171,265
Capital Outlay	101,948	108,626	101,948	108,626
Debt Service:				
Principal Retirement	165,000	160,000	165,000	160,000
Interest and Fiscal Charges	59,271	46,308	59,271	43,798
Issuance Costs	0	63,533	0	63,533
Intergovernmental	142,637	147,731	(254)	10,619
Payment to Refunded Bond Escrow Agent	0	1,871,088	0	1,871,088
<i>Total</i>	<u>\$7,079,896</u>	<u>\$8,992,899</u>	<u>\$5,936,324</u>	<u>\$7,972,788</u>

The dependence upon tax receipt and unrestricted grants and entitlements is apparent in the previous table. Instruction and support services for pupils and instructional staff comprise 59.88 percent of governmental program disbursements in fiscal year 2013. Board of Education, Administration and Fiscal charges were 11.11 percent in 2013. Fiscal disbursements include payments to the County Auditor(s) for

**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)
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administrative fees and other administrative services provided by the District. Capital outlay and the operation and maintenance of facilities accounted for 11.53 percent in 2013.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund balance of \$4,156,501, which is higher than the prior year balance of \$3,897,655.

The District has three major governmental funds in 2013: the General Fund, the Permanent Improvement Fund, and the Bond Retirement Fund.

The General Fund had total cash receipts and other financing sources of \$6,164,523. The cash disbursements of the General Fund totaled \$5,995,603. The General Fund's fund balance increased \$168,920 in 2013. The increase in fund balance can be attributed to property and income tax collections versus the timing of expending these resources.

The Permanent Improvement Fund had total cash receipts and other financing sources of \$452,072 and total cash disbursements and other financing uses of \$131,106, for an increase in fund balance of \$320,966 in 2013. The increase in fund balance is primarily due to a Board approved transfer made from the Ohio School Facilities Fund to the Permanent Improvement Fund in the amount of \$307,830 in 2013.

The Bond Retirement Fund had total cash receipts of \$316,197 and total cash disbursements of \$234,993, for an increase in fund balance of \$81,204 in 2013. The increase in fund balance is primarily due to an increase in tax receipts.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the District amended its general fund budget several times. For the General Fund, final budget basis receipts and other financing sources were \$6,122,124, representing an increase of \$117,644 from the original estimate of \$6,004,480. Actual receipts and other financing sources of \$6,122,115 were insignificantly lower than the final budget.

For fiscal year 2013, the General Fund final budget basis disbursements were \$5,990,669, which is under the original budgeted disbursements of \$6,122,838. Actual disbursements of \$5,989,143 were \$1,526 lower than the final budget. There were no significant variances with final budgeted line items. This was due to the District's fiscal management of its spending.

Debt Administration

**Antwerp Local School District
Paulding County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(UNAUDITED)
(Continued)*

The District had the following long-term obligations outstanding at June 30, 2013 and 2012.

**(Table 4)
Outstanding Debt, at June 30**

	Governmental Activities	
	2013	2012
2002 School Improvement Serial, Term Bonds	\$155,431	\$300,894
2012 Refunding Bonds - Serial, Term and Capital Appreciation Bonds	1,805,000	1,805,000
<i>Total</i>	<i>\$1,960,431</i>	<i>\$2,105,894</i>

For further information regarding the District's debt, refer to Note 11 of the basic financial statements.

Current Issues

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

In November, 2011, the District renewed a five year 2.9 mill permanent improvement levy to generate \$144,555 annually. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools considering the DeRolph court case and the long term effects of public utility deregulation as well as the reduction of personal property for business inventory. As the preceding information shows, the District relies heavily on its local taxpayers.

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

Contacting the District's Financial Management

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

**Antwerp Local School District
Paulding County**

*Statement of Net Position - Cash Basis
June 30, 2013*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,156,178
Cash and Cash Equivalents with Fiscal Agents	<u>323</u>
<i>Total Assets</i>	<u><u>\$ 4,156,501</u></u>
Net Position	
Restricted for:	
Capital Outlay	\$ 730,948
Debt Service	460,333
Other Purposes	123,658
Unrestricted	<u>2,841,562</u>
<i>Total Net Position</i>	<u><u>\$ 4,156,501</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2013*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 2,893,971	\$ 426,206	\$ 42,340	\$ (2,425,425)
Special	859,480	25,942	104,865	(728,673)
Adult/Continuing	5,000	0	0	(5,000)
Student Intervention Services	28,193	0	20,902	(7,291)
Other	132,273	0	618	(131,655)
Support Services:				
Pupils	73,402	0	0	(73,402)
Instructional Staff	246,912	0	6,100	(240,812)
Board of Education	6,407	0	0	(6,407)
Administration	566,794	0	0	(566,794)
Fiscal	213,387	0	0	(213,387)
Operation and Maintenance of Plant	714,678	0	27,172	(687,506)
Pupil Transportation	350,037	0	0	(350,037)
Central	10,000	0	0	(10,000)
Operation of Non-Instructional Services:				
Food Service Operations	246,645	117,249	114,991	(14,405)
Extracurricular Activities	263,861	114,296	0	(149,565)
Capital Outlay	101,948	0	0	(101,948)
Debt Service:				
Principal Retirement	165,000	0	0	(165,000)
Interest and Fiscal Charges	59,271	0	0	(59,271)
Intergovernmental	142,637	0	142,891	254
Totals	\$ 7,079,896	\$ 683,693	\$ 459,879	(5,936,324)

General Receipts

Property Taxes Levied for:	
General Purposes	1,175,542
Debt Service	271,536
Capital Outlay	123,059
Income Taxes Levied for:	
General Purposes	1,002,989
Building Maintenance	25,189
Grants and Entitlements not Restricted to Specific Programs	3,575,802
Investment Earnings	14,276
Miscellaneous	6,777
Total General Receipts	6,195,170
Change in Net Position	258,846
Net Position Beginning of Year	3,897,655
Net Position End of Year	\$ 4,156,501

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2013*

	General Fund	Permanent Improvement Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 2,849,687	\$ 730,948	\$ 460,333	\$ 101,653	\$ 4,142,621
Restricted Cash and Cash Equivalents	13,557	0	0	0	13,557
Cash and Cash Equivalents with Fiscal Agents	0	0	0	323	323
<i>Total Assets</i>	<u>\$ 2,863,244</u>	<u>\$ 730,948</u>	<u>\$ 460,333</u>	<u>\$ 101,976</u>	<u>\$ 4,156,501</u>
Fund Balances					
Restricted	\$ 21,191	\$ 730,948	460,333	\$ 102,468	1,314,940
Assigned	48,821	0	0	0	48,821
Unassigned (Deficit)	2,793,232	0	0	(492)	2,792,740
<i>Total Fund Balances</i>	<u>\$ 2,863,244</u>	<u>\$ 730,948</u>	<u>\$ 460,333</u>	<u>\$ 101,976</u>	<u>\$ 4,156,501</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Receipts, Disbursements and Changes
in Fund Balances - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2013*

	General Fund	Permanent Improvement Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 1,175,542	\$ 123,059	\$ 271,536	\$ 0	\$ 1,570,137
Income Taxes	1,002,989	0	0	25,189	1,028,178
Intergovernmental	3,510,577	21,183	44,661	455,150	4,031,571
Investment Income	14,276	0	0	1,910	16,186
Tuition and Fees	439,554	0	0	0	439,554
Rent	345	0	0	0	345
Extracurricular Activities	12,594	0	0	114,295	126,889
Gifts and Donations	2,200	0	0	0	2,200
Charges for Services	0	0	0	117,250	117,250
Miscellaneous	6,431	0	0	0	6,431
<i>Total Receipts</i>	<u>6,164,508</u>	<u>144,242</u>	<u>316,197</u>	<u>713,794</u>	<u>7,338,741</u>
Disbursements					
Current:					
Instruction:					
Regular	2,829,119	24,228	0	40,624	2,893,971
Special	756,816	0	0	102,664	859,480
Adult/Continuing	5,000	0	0	0	5,000
Student Intervention Services	7,291	0	0	20,902	28,193
Other	132,273	0	0	0	132,273
Support Services:					
Pupils	73,402	0	0	0	73,402
Instructional Staff	227,160	0	0	19,752	246,912
Board of Education	6,407	0	0	0	6,407
Administration	566,794	0	0	0	566,794
Fiscal	197,749	4,916	10,722	0	213,387
Operation and Maintenance of Plant	665,697	0	0	48,981	714,678
Pupil Transportation	350,037	0	0	0	350,037
Central	10,000	0	0	0	10,000
Extracurricular Activities	167,858	0	0	96,003	263,861
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	246,645	246,645
Capital Outlay	0	101,948	0	0	101,948
Debt Service:					
Principal Retirement	0	0	165,000	0	165,000
Interest and Fiscal Charges	0	0	59,271	0	59,271
Intergovernmental	0	0	0	142,637	142,637
<i>Total Disbursements</i>	<u>5,995,603</u>	<u>131,092</u>	<u>234,993</u>	<u>718,208</u>	<u>7,079,896</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>168,905</u>	<u>13,150</u>	<u>81,204</u>	<u>(4,414)</u>	<u>258,845</u>
Other Financing Sources (Uses)					
Other Financing Sources	15	0	0	0	15
Other Financing Uses	0	(14)	0	0	(14)
Transfers In	0	307,830	0	0	307,830
Transfers Out	0	0	0	(307,830)	(307,830)
<i>Total Other Financing Sources (Uses)</i>	<u>15</u>	<u>307,816</u>	<u>0</u>	<u>(307,830)</u>	<u>1</u>
<i>Net Change in Fund Balances</i>	168,920	320,966	81,204	(312,244)	258,846
<i>Fund Balances Beginning of Year</i>	<u>2,694,324</u>	<u>409,982</u>	<u>379,129</u>	<u>414,220</u>	<u>3,897,655</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,863,244</u>	<u>\$ 730,948</u>	<u>\$ 460,333</u>	<u>\$ 101,976</u>	<u>\$ 4,156,501</u>

See accompanying notes to the basic financial statements.

Antwerp Local School District
Paulding County

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund*

For the Fiscal Year Ended June 30, 2013

	Original	Final	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 1,152,957	\$ 1,175,542	\$ 1,175,542	\$ 0
Income Tax	983,719	1,002,989	1,002,989	0
Intergovernmental	3,443,131	3,510,577	3,510,577	0
Interest	14,002	14,300	14,276	(24)
Tuition and Fees	401,868	409,740	409,740	0
Gifts and Donations	2,158	2,200	2,200	0
Rent	338	345	345	0
Miscellaneous	6,267	6,390	6,390	0
<i>Total Receipts</i>	<u>6,004,440</u>	<u>6,122,083</u>	<u>6,122,059</u>	<u>(24)</u>
Disbursements				
Current:				
Instruction:				
Regular	2,848,914	2,788,225	2,786,707	1,518
Special	773,710	756,816	756,816	0
Adult/Continuing	5,112	5,000	5,000	0
Student Intervention Services	7,454	7,291	7,291	0
Other	135,226	132,273	132,273	0
Support Services:				
Pupils	75,051	73,412	73,412	0
Instructional Staff	232,742	227,660	227,660	0
Board of Education	6,550	6,407	6,407	0
Administration	580,333	567,661	567,661	0
Fiscal	202,727	198,300	198,300	0
Operation and Maintenance of Plant	702,401	687,064	687,064	0
Pupil Transportation	370,780	362,684	362,684	0
Central	10,223	10,000	10,000	0
Extracurricular Activities:				
Sport Oriented Activities	171,615	167,876	167,868	8
<i>Total Disbursements</i>	<u>6,122,838</u>	<u>5,990,669</u>	<u>5,989,143</u>	<u>1,526</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>(118,398)</u>	<u>131,414</u>	<u>132,916</u>	<u>1,502</u>
Other Financing Sources				
Refund of Prior Year Expenditures	40	41	41	0
Other Financing Sources	0	0	15	15
<i>Total Other Financing Sources</i>	<u>40</u>	<u>41</u>	<u>56</u>	<u>15</u>
<i>Net Change in Fund Balance</i>	(118,358)	131,455	132,972	1,517
<i>Fund Balance Beginning of Year</i>	2,643,841	2,643,841	2,643,841	0
Prior Year Encumbrances Appropriated	36,690	36,690	36,690	0
<i>Fund Balance End of Year</i>	<u>\$ 2,562,173</u>	<u>\$ 2,811,986</u>	<u>\$ 2,813,503</u>	<u>\$ 1,517</u>

See accompanying notes to the basic financial statements.

Antwerp Local School District
Paulding County

Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2013

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 21,374	\$ 34,399
Liabilities		
Due to Students		\$ 34,399
Net Position		
Held in Trust for Scholarships	\$ 21,374	

See accompanying notes to the basic financial statements.

Antwerp Local School District
Paulding County

Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013

	<u>Private Purpose Trust</u>
Additions	
Interest	\$ 603
Deductions	
Payments in Accordance with Trust Agreements	<u>210</u>
<i>Change in Net Position</i>	393
<i>Net Position Beginning of Year</i>	<u>20,981</u>
<i>Net Position End of Year</i>	<u><u>\$ 21,374</u></u>

See accompanying notes to the basic financial statements.

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**Antwerp Local School District
Paulding County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

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

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

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

The District is associated with two organizations, which are defined as jointly governed organizations, and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Paulding County School Consortium’s Employee Insurance Benefits Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

A. *Basis of Presentation*

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

B. *Fund Accounting*

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

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

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

General Fund – The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund balance is available to the District for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Permanent Improvement Fund – The Permanent Improvement capital projects fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

Bond Retirement Fund – The Bond Retirement debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on the District's general obligation bonds.

The other governmental funds of the District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

Fiduciary Fund Types

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

C. *Basis of Accounting*

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

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

D. *Budgetary Process*

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution Report, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control established by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds, are made by the Treasurer.

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

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

E. *Cash and Cash Equivalents*

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

For purposes of financial reporting, investments of the cash management pool and investments

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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.

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 2013 were \$14,276, which includes \$4,332 assigned from other District funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Compensated Absences

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

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

L. Long-Term Debt

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

M. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

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

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the District. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursements for specified purposes.
2. Unrestricted net position – All other net position that does not meet the definition of "restricted."

The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is 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 District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

- a. Non-spendable - The non-spendable 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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

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 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. 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 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.

N. Interfund Transactions

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

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

O. Intergovernmental Receipts

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

P. Receipts and Disbursements

Program Receipts

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

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

Disbursements

Governmental activities include the District's programs and services, including instruction, support services, extracurricular activities, and food service operations.

Q. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2013, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

NOTE 3 – PRIOR PERIOD RESTATEMENT OF FUND BALANCES

The District’s governmental beginning balances have been restated due to a change in the funds considered to be major funds as of June 30, 2012. In fiscal year 2012, the Permanent Improvement Fund was classified as a major fund. In fiscal year 2013, the Permanent Improvement Fund and Bond Retirement Fund were classified as major funds.

	General	Permanent	Bond	Other	
	Fund	Improvement	Retirement	Governmental	Total
	Fund	Fund	Fund	Funds	Governmental
Fund Balance as of June 30, 2012	\$2,694,324	\$409,982	\$0	\$793,349	\$3,897,655
Fund Reclassification of Bond Retirement Fund	0	0	379,129	(379,129)	0
Restated Fund Balance as of July 1, 2012	\$2,694,324	\$409,982	\$379,129	\$414,220	\$3,897,655

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 or deposit accounts including passbook accounts.

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

1. United States treasury notes, bills, bonds, or other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all uninsured public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the District's deposits was \$4,211,951 and the bank balance was \$4,263,667. Of the bank balance, \$270,561 was covered by federal depository insurance and \$3,993,106 was collateralized but uninsured.

At June 30, 2013, the District had \$323 in cash with fiscal agent held by the Western Buckeye Educational Service Center, which is included on the statement of net position and the statement of assets and fund balances (cash basis) as "Cash and Cash Equivalents with Fiscal Agent".

Interest Rate Risk

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy indicates that

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

the investments must mature within five years, unless matched to a specific obligation or debt of the District.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Paulding County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2013 taxes were collected are:

	2012 Second-Half		2013 First-Half	
	Collections		Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$61,650,990	97%	\$61,546,430	96%
Public Utility	2,240,630	3%	2,373,060	4%
Total Assessed Value	<u>\$63,891,620</u>	<u>100%</u>	<u>\$63,919,490</u>	<u>100%</u>
Total rate per \$1,000 of assessed valuation	\$45.45		\$45.45	

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

NOTE 6 – INCOME TAXES

The District levies a tax of 1.5% for general operations and building maintenance on the income of residents and of estates. Of the overall 1.5% taxes, 0.75% is a 5 year renewable tax, last renewed in May, 2010, and 0.75% of the income tax is a continuing tax. The District decided to legally restrict 0.5% of the income tax levy for building maintenance, in lieu of the ½ millage of property tax allocation for these uses.

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

NOTE 7 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2013, the District contracted with Ohio School Plan for property and fleet, general liability, and inland marine insurance coverage.

Ohio School Plan (at Replacement Cost):

Boiler and Machinery (\$1,000 deductible)	\$ 27,960,538
Crime Insurance (\$1,000 deductible)	25,000
Automotive	
Liability	3,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	3,000,000
Per Year	5,000,000

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

B. Workers' Compensation

For fiscal year 2013, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based in the rate for the GRP rather than its individual rate. Participation in the GRP is limited to the participants that can meet the GRP's selection criteria.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

C. *Health Care Benefits*

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

NOTE 8 - PENSION PLANS

A. *School Employees Retirement System*

Plan Description - The 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 District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 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 District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$82,359, \$73,403 and \$64,545, respectively; 41 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

B. *State Teachers Retirement System*

Plan Description - The District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a 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,

**Antwerp Local School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

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

A DB or Combined Plan member with five or more years 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 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$317,923, \$319,573 and \$297,056, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$6,387 made by the District and \$4,562 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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 9 - POST EMPLOYMENT BENEFITS

A. *School Employees Retirement System*

Plan Description – The District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

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 2013 was \$104.90 for most participants, but could be as high as \$335.70 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. 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 2013, .16 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 2013, the actuarially determined amount was \$20,525.

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 District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$12,176, \$12,628 and \$15,791, respectively; 41 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$4,652, \$4,335, and \$3,838, respectively; 41 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

B. State Teachers Retirement System

Plan Description - The 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 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District’s contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$24,456, \$24,583, and \$22,850, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 10 - EMPLOYEE BENEFITS - COMPENSATED ABSENCES

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

NOTE 11 – LONG-TERM OBLIGATIONS

The changes in the District’s long-term obligations during fiscal year 2013 were as follows:

	Interest Rate	Principal Outstanding 6/30/2012	Additions	Reductions	Principal Outstanding 6/30/2013	Due Within One Year
<i>General Obligations</i>						
2002 Bond Issue						
Capital Appreciation	4.55-4.65%	\$85,998	\$0	\$45,467	\$40,531	\$40,531
Accretion of Interest		214,896	19,537	119,533	114,900	114,900
2012 Refunding						
Current Interest Serial and Term Bonds	2.00-4.00%	1,805,000	0	0	1,805,000	0
Total General Obligations		\$2,105,894	\$19,537	\$165,000	\$1,960,431	\$155,431

2002 Various Purpose General Obligation Bonds - In 2002, the District issued \$3,260,998 in voted general obligation bonds for the acquisition, construction, and improvement to buildings and structures.

**Antwerp Local School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

The current interest serial bonds maturing on December 1, 2011 were refunded by the proceeds of the 2012 refunding bonds.

The capital appreciation bond maturing on December 1 in fiscal year 2014 is not subject to redemption prior to maturity. The maturity amount of the bond is \$165,000. For fiscal year 2013, \$19,537 was accreted for a total capital appreciation bond value of \$155,431 as of June 30, 2013.

2012 General Obligation Refunding Bonds – On May 16, 2012 the District issued \$1,805,000 in general obligation bonds for the purpose of refunding a portion of the 2002 various purpose general obligation bonds originally issued in the amount of \$3,260,998 for the purpose of acquisition, construction and improvements to school buildings and structures. The bond issue includes \$1,805,000 of serial and term bonds. The bonds will be retired from the Bond Retirement debt service fund.

The Serial Bonds will mature in various principal amounts with varying interest rates starting on December 1, 2014 and on each December 1 thereafter at 100% of the principal amount for the years 2014 through 2020.

The Term Bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2021 and in the respective principal amount as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$235,000

The remaining principal amount of such Term Bonds (\$115,000) will mature at stated maturity on December 1, 2022.

Future principal and interest requirements as of June 30, 2013 are as follows:

Fiscal Year Ending June 30,	2002 Capital Appreccion Bonds		2012 Refunding Bonds		Total	
	Principal	Accretion	Principal	Interest	Principal	Accretion/ Interest
2014	\$40,531	\$114,900	\$0	\$56,900	\$40,531	\$171,800
2015	0	0	190,000	55,000	190,000	55,000
2016	0	0	195,000	50,175	195,000	50,175
2017	0	0	200,000	44,250	200,000	44,250
2018	0	0	205,000	38,175	205,000	38,175
2019 - 2022	0	0	1,015,000	86,850	1,015,000	86,850
	<u>\$40,531</u>	<u>\$114,900</u>	<u>\$1,805,000</u>	<u>\$331,350</u>	<u>\$1,845,531</u>	<u>\$446,250</u>

NOTE 12 – FUND BALANCE

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

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

	<u>General</u>	<u>Permanent Improvement Fund</u>	<u>Bond Retirement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
Restricted for:					
Capital Outlay	\$0	\$730,948	\$0	\$0	\$730,948
Classroom Facilities Maintenance	0	0	0	39,053	39,053
Debt Service	0	0	460,333	0	460,333
Special Education	0	0	0	384	384
Budget Stabilization	13,557	0	0	0	13,557
Other Purposes	7,634	0	0	63,031	70,665
Total Restricted	<u>21,191</u>	<u>730,948</u>	<u>460,333</u>	<u>102,468</u>	<u>1,314,940</u>
Assigned for:					
Instruction	10,169	0	0	0	10,169
Support Services	35,942	0	0	0	35,942
Extracurricular Activities	10	0	0	0	10
Subsequent Year Appropriations	2,700	0	0	0	2,700
Total Assigned	<u>48,821</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>48,821</u>
Unassigned	<u>2,793,232</u>	<u>0</u>	<u>0</u>	<u>(492)</u>	<u>2,792,740</u>
Total Fund Balance	<u>\$2,863,244</u>	<u>\$730,948</u>	<u>\$460,333</u>	<u>\$101,976</u>	<u>\$4,156,501</u>

NOTE 13 - STATUTORY RESERVES

The District is required by State law to set aside certain general fund receipt amounts, as defined, into various reserves. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2013, only the unspent portion of certain workers' compensation refunds is required to be set aside at fiscal year end.

During the fiscal year ended June 30, 2013, the set-aside activity was as follows:

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set Aside Balance June 30, 2012	\$0	\$13,557
Current Year Set Aside Requirement	111,527	0
Current Year Offsets	(169,431)	0
Total	<u>(\$57,904)</u>	<u>\$13,557</u>
Balance Carried Forward to Fiscal Year 2014	\$0	\$13,557
Set Aside Balance June 30, 2013	<u>\$0</u>	<u>\$13,557</u>

Although the District had offsets during the fiscal year that reduced the set-aside amount below zero for the capital improvements set-aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years. However, for capital acquisitions, proceeds from bonds issued in prior years, \$3,235,276, may be

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

used to reduce the set-aside requirements for future years. The Budget Stabilization set-aside above represents the portion designated from workers compensation refunds. The Board has designated an additional \$34,229 for budget stabilization.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based on a per pupil charge dependent on the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2013, the District paid \$18,649 to NOACSC for various contracted services. Financial information can be obtained by contacting Ray Burden, Director, 645 South Main Street, Lima, Ohio 45804.

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

NOTE 15 - GROUP PURCHASING POOLS

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

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

funds for the Consortium and makes payments to Anthem Insurance which acts as the Third Party Administrator (TPA) for administration of the policies.

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

NOTE 16 – BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in fund balance - budget and actual (budget basis) presented for the General 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) 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 budget basis to the cash basis for the General Fund is as follows:

Net Change in Fund Balance	
	General Fund
Cash basis	\$168,920
Funds budgeted elsewhere **	8,001
Adjustment for encumbrances	(43,949)
Total	\$132,972

** As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Public School Support Fund and Uniform School Supplies Fund.

NOTE 17 – CONTINGENCIES

A. Grants

The District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013
(Continued)*

B. *Litigation*

The District is not party to any claims or lawsuits that would, in the District's opinion, have a material effect of the basic financial statements.

NOTE 18 – ACCOUNTABILITY AND COMPLIANCE

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2013, the District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

For fiscal year 2013, the District had deficit fund balances of \$433 and \$59 in the Race to the Top and IDEA Preschool Grant funds, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed.

NOTE 19 – INTERFUND ACTIVITY

During fiscal year 2013, transfers were made from the Ohio School Facility Commission (OSFC) Local/State Share Fund to the Permanent Improvement Fund in the amount of \$307,830 in accordance with board approved transfers.

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**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)*

The discussion and analysis of the Antwerp Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets increased \$183,583 due to the District closely monitoring their expenditures.
- Outstanding debt decreased from \$2,251,358 to \$2,105,894 through principal payments made during the current year and bond refunding.

Using this Annual Report

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2012, the General Fund and Permanent Improvement Fund are the District's most significant funds.

Basis of Accounting

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

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

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)
(Continued)*

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The statement of net assets and the statement of activities answer this question.

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

In the statement of net assets and the statement of activities, governmental activities include the District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds include the General Fund and the Permanent Improvement Fund.

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

Reporting the District's Fiduciary Responsibilities

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

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)
(Continued)*

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2012 compared to 2011.

**(Table 1)
Net Assets – Cash Basis**

	Governmental Activities	
	2012	2011
		<i>(Restated)</i>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$3,897,595	\$3,703,384
Cash and Cash Equivalents with Fiscal Agents	60	10,688
<i>Total Assets</i>	<i>3,897,655</i>	<i>3,714,072</i>
Net Assets		
Restricted for:		
Capital Outlay	720,005	799,048
Debt Service	379,129	277,586
Other Purposes	121,442	181,628
Unrestricted	2,677,079	2,455,810
<i>Total Net Assets</i>	<i>\$3,897,655</i>	<i>\$3,714,072</i>

Net assets of the governmental activities increased \$183,583, which represents a 4.9 percent increase from fiscal year 2011.

A portion of the District's net assets, \$1,220,576 or 31.3 percent, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets of \$2,677,079 may be used to meet the District's ongoing obligations.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)
(Continued)*

Table 2 shows the changes in net assets for fiscal year 2012 as compared to fiscal year 2011.

**(Table 2)
Changes in Net Assets – Cash Basis**

	Governmental Activities	
	2012	2011
Receipts		
<i>Program Receipts</i>		
Charges for Services and Sales	\$601,826	\$632,459
Operating Grants, Contributions and Interest	415,805	623,251
Capital Grants, Contributions and Interest	2,480	20,526
<i>Total Program Receipts</i>	1,020,111	1,276,236
<i>General Receipts</i>		
Property Taxes	1,608,542	1,533,824
Income Taxes	1,035,347	974,849
Grants and Entitlements not Restricted to Specific Programs	3,562,347	3,708,842
Proceeds of Refunding Bonds Issued	1,805,000	0
Premium on Debt Issuance	129,621	0
Investment Earnings	8,034	7,626
Miscellaneous	7,480	4,141
<i>Total General Receipts</i>	8,156,371	6,229,282
<i>Total Receipts</i>	9,176,482	7,505,518

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)
(Continued)*

**(Table 2)
Changes in Net Assets – Cash Basis
(Continued)**

	Governmental Activities	
	2012	2011
<i>Program Disbursements</i>		
Instruction:		
Regular	2,874,644	2,924,541
Special	688,157	683,747
Adult/Continuing	5,000	5,000
Student Intervention Services	67,575	46,527
Other	166,293	150,526
Support Services:		
Pupils	71,893	70,221
Instructional Staff	277,425	274,684
Board of Education	9,489	8,325
Administration	542,247	538,995
Fiscal	234,937	246,121
Operation and Maintenance of Plant	785,161	802,833
Pupil Transportation	355,321	318,469
Central	9,000	9,000
Operation of Non-Instructional Services:		
Food Service Operations	243,689	263,586
Extracurricular Activities	264,782	245,451
Capital Outlay	108,626	32,299
Debt Service:		
Principal Retirement	160,000	155,000
Interest and Fiscal Charges	46,308	95,754
Issuance Costs	63,533	0
Intergovernmental	147,731	147,354
Payment to Refunded Bond Escrow Agent	1,871,088	0
<i>Total Program Disbursements</i>	8,992,899	7,018,433
<i>Change in Net Assets</i>	183,583	487,085
<i>Net Assets Beginning of Year</i>	3,714,072	3,226,987
<i>Net Assets End of Year</i>	\$3,897,655	\$3,714,072

Governmental Activities

Several receipt sources fund the District's governmental activities with the school foundation program being the largest contributor. School foundation provided approximately \$3.3 million in fiscal year 2012. Property and income tax levies generated approximately \$2.6 million in fiscal year 2012. With the combination of taxes and intergovernmental funding comprising 72.2 percent of receipts in governmental activities, the District monitors both of these receipt sources very closely for fluctuations.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)
(Continued)*

The majority of program disbursements for governmental activities are for instruction, which accounts for 42.3 percent of all governmental disbursements. Other programs which support the instruction process account for 25.4 percent of governmental disbursements. The remaining 32.3 percent of the District's disbursements are related to the primary functions of delivering education, providing facilities, and retiring the District's debt.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**(Table 3)
Governmental Activities – Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2012	2011	2012	2011
<i>Program Disbursements</i>				
Instruction:				
Regular	\$2,874,644	\$2,924,541	\$2,460,516	\$2,347,767
Special	688,157	683,747	615,062	611,485
Adult/Continuing	5,000	5,000	5,000	5,000
Student Intervention Services	67,575	46,527	47,318	23,041
Other	166,293	150,526	166,293	150,526
Support Services:				
Pupils	71,893	70,221	71,893	70,221
Instructional Staff	277,425	274,684	253,825	252,664
Board of Education	9,489	8,325	9,489	8,325
Administration	542,247	538,995	542,247	538,995
Fiscal	234,937	246,121	234,937	241,121
Operation and Maintenance of Plant	785,161	802,833	764,626	755,850
Pupil Transportation	355,321	318,469	355,321	318,469
Central	9,000	9,000	9,000	9,000
Operation of Non-Instructional Services:				
Food Service Operations	243,689	263,586	8,332	2,124
Extracurricular Activities	264,782	245,451	171,265	151,964
Capital Outlay	108,626	32,299	108,626	11,773
Debt Service:				
Principal Retirement	160,000	155,000	160,000	155,000
Interest and Fiscal Charges	46,308	95,754	43,798	95,754
Issuance Costs	63,533	0	63,533	0
Intergovernmental	147,731	147,354	10,619	(6,882)
Payment to Refunded Bond Escrow Agent	1,871,088	0	1,871,088	0
<i>Total</i>	\$8,992,899	\$7,018,433	\$7,972,788	\$5,742,197

The dependence upon tax receipt and unrestricted grants and entitlements is apparent in the previous table. Instruction and support services for pupils and instructional staff comprise 46.2 percent of governmental program disbursements in fiscal year 2012. Board of Education, Administration and Fiscal

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)
(Continued)*

charges were 8.7 percent in 2012. Fiscal disbursements include payments to the County Auditor(s) for administrative fees and other administrative services provided by the District. Capital outlay and the operation and maintenance of facilities accounted for 10 percent in 2012.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund balance of \$3,897,655, which is higher than the prior year balance of \$3,714,072.

The District has two major governmental funds in 2012: the General Fund and the Permanent Improvement Fund.

The General Fund had total cash receipts of \$6,075,099. The cash disbursements and other financing uses of the General Fund totaled \$5,863,441. The General Fund's fund balance increased \$211,658 in 2012. The increase in fund balance can be attributed to property and income tax collections versus the timing of expending these resources.

The Permanent Improvement Fund had total cash receipts of \$147,240 and total cash disbursements of \$116,851, for an increase in fund balance of \$30,389 in 2012. The increase in fund balance is primarily due to an increase in tax revenue.

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the District amended its general fund budget several times. For the General Fund, final budget basis receipts and other financing sources were \$6,034,715, representing an increase of \$290,082 from the original estimate of \$5,744,633. Actual receipts and other financing sources of \$6,031,168 were \$3,547 lower than the final budget. Of this decrease, most was attributable to a decrease in intergovernmental receipts.

For fiscal year 2012, the General Fund final budget basis disbursements and other financing uses were \$6,035,004, which is over the original budgeted disbursements of \$5,534,650. Actual disbursements and other financing uses of \$5,853,540 were \$181,464 lower than the final budget. Actual instruction, operation and maintenance of plant, pupil transportation and administration disbursements were significantly under budgeted expectations. This was due to the District's fiscal management of its spending.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2012 and 2011.

**Antwerp Local School District
Paulding County**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(UNAUDITED)
(Continued)*

**(Table 4)
Outstanding Debt, at June 30**

	Governmental Activities	
	2012	2011
2002 School Improvement Serial, Term Bonds	\$300,894	\$2,251,358
2012 Refunding Bonds - Serial, Term and Capital Appreciation Bonds	1,805,000	0
<i>Total</i>	\$2,105,894	\$2,251,358

For further information regarding the District's debt, refer to Note 11 of the basic financial statements.

Current Issues

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

In November, 2011, the District renewed a five year 2.9 mill permanent improvement levy to generate \$144,555 annually. This levy provides a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools considering the DeRolph court case and the long term effects of public utility deregulation as well as the reduction of personal property for business inventory. As the preceding information shows, the District relies heavily on its local taxpayers.

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

Contacting the District's Financial Management

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

**Antwerp Local School District
Paulding County**

*Statement of Net Assets - Cash Basis
June 30, 2012*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 3,897,595
Cash and Cash Equivalents with Fiscal Agents	<u>60</u>
<i>Total Assets</i>	<u><u>\$ 3,897,655</u></u>
Net Assets	
Restricted for:	
Capital Outlay	\$ 720,005
Debt Service	379,129
Other Purposes	121,442
Unrestricted	<u>2,677,079</u>
<i>Total Net Assets</i>	<u><u>\$ 3,897,655</u></u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2012*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 2,874,644	\$ 355,713	\$ 58,415	\$ 0	\$ (2,460,516)
Special	688,157	10,826	62,269	0	(615,062)
Adult/Continuing	5,000	0	0	0	(5,000)
Student Intervention Services	67,575	0	20,257	0	(47,318)
Other	166,293	0	0	0	(166,293)
Support Services:					
Pupils	71,893	0	0	0	(71,893)
Instructional Staff	277,425	0	23,600	0	(253,825)
Board of Education	9,489	0	0	0	(9,489)
Administration	542,247	0	0	0	(542,247)
Fiscal	234,937	0	0	0	(234,937)
Operation and Maintenance of Plant	785,161	0	20,535	0	(764,626)
Pupil Transportation	355,321	0	0	0	(355,321)
Central	9,000	0	0	0	(9,000)
Operation of Non-Instructional Services:					
Food Service Operations	243,689	141,770	93,587	0	(8,332)
Extracurricular Activities	264,782	93,517	0	0	(171,265)
Capital Outlay	108,626	0	0	0	(108,626)
Debt Service:					
Principal Retirement	160,000	0	0	0	(160,000)
Interest and Fiscal Charges	46,308	0	30	2,480	(43,798)
Issuance Costs	63,533	0	0	0	(63,533)
Intergovernmental	147,731	0	137,112	0	(10,619)
Payment to Refunded Bond Escrow Agent	1,871,088	0	0	0	(1,871,088)
Totals	\$ 8,992,899	\$ 601,826	\$ 415,805	\$ 2,480	(7,972,788)

General Receipts

Property Taxes Levied for:	
General Purposes	1,461,302
Capital Outlay	147,240
Income Taxes Levied for:	
General Purposes	1,010,158
Building Maintenance	25,189
Grants and Entitlements not Restricted to Specific Programs	3,562,347
Proceeds of Refunding Bonds Issued	1,805,000
Premium on Debt Issuance	129,621
Investment Earnings	8,034
Miscellaneous	7,480
Total General Receipts	8,156,371
Change in Net Assets	183,583
Net Assets Beginning of Year	3,714,072
Net Assets End of Year	\$ 3,897,655

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2012*

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,680,767	\$ 409,982	\$ 793,289	\$ 3,884,038
Restricted Cash and Cash Equivalents	13,557	0	0	13,557
Cash and Cash Equivalents with Fiscal Agents	0	0	60	60
<i>Total Assets</i>	<u>\$ 2,694,324</u>	<u>\$ 409,982</u>	<u>\$ 793,349</u>	<u>\$ 3,897,655</u>
Fund Balances				
Restricted	\$ 17,245	\$ 409,982	\$ 793,349	\$ 1,220,576
Assigned	47,998	0	0	47,998
Unassigned	2,629,081	0	0	2,629,081
<i>Total Fund Balances</i>	<u>\$ 2,694,324</u>	<u>\$ 409,982</u>	<u>\$ 793,349</u>	<u>\$ 3,897,655</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

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

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 1,187,317	\$ 125,291	\$ 273,985	\$ 1,586,593
Income Taxes	1,010,158	0	25,189	1,035,347
Intergovernmental	3,517,671	21,949	460,452	4,000,072
Investment Income	8,034	0	2,510	10,544
Tuition and Fees	339,008	0	25,525	364,533
Rent	2,005	0	0	2,005
Extracurricular Activities	10,160	0	83,358	93,518
Charges for Services	0	0	141,769	141,769
Miscellaneous	746	0	8,984	9,730
<i>Total Receipts</i>	<u>6,075,099</u>	<u>147,240</u>	<u>1,021,772</u>	<u>7,244,111</u>
Disbursements				
Current:				
Instruction:				
Regular	2,765,271	3,227	106,146	2,874,644
Special	626,278	0	61,879	688,157
Adult/Continuing	5,000	0	0	5,000
Student Intervention Services	47,318	0	20,257	67,575
Other	166,293	0	0	166,293
Support Services:				
Pupils	71,893	0	0	71,893
Instructional Staff	252,080	0	25,345	277,425
Board of Education	9,489	0	0	9,489
Administration	541,047	0	1,200	542,247
Fiscal	218,128	4,998	11,811	234,937
Operation and Maintenance of Plant	621,125	0	164,036	785,161
Pupil Transportation	355,321	0	0	355,321
Central	9,000	0	0	9,000
Extracurricular Activities	172,948	0	91,834	264,782
Operation of Non-Instructional Services:				
Food Service Operations	0	0	243,689	243,689
Capital Outlay	0	108,626	0	108,626
Debt Service:				
Principal Retirement	0	0	160,000	160,000
Interest and Fiscal Charges	0	0	46,308	46,308
Issuance Costs	0	0	63,533	63,533
Intergovernmental	0	0	147,731	147,731
<i>Total Disbursements</i>	<u>5,861,191</u>	<u>116,851</u>	<u>1,143,769</u>	<u>7,121,811</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>213,908</u>	<u>30,389</u>	<u>(121,997)</u>	<u>122,300</u>
Other Financing Sources (Uses)				
Proceeds of Refunding Bonds Issued	0	0	1,805,000	1,805,000
Premium on Debt Issuance	0	0	129,621	129,621
Payment to Refunded Bond Escrow Agent	0	0	(1,871,088)	(1,871,088)
Refund of Prior Year Receipts	(2,250)	0	0	(2,250)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,250)</u>	<u>0</u>	<u>63,533</u>	<u>61,283</u>
<i>Net Change in Fund Balances</i>	211,658	30,389	(58,464)	183,583
<i>Fund Balances Beginning of Year (Restated)</i>	<u>2,482,666</u>	<u>379,593</u>	<u>851,813</u>	<u>3,714,072</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,694,324</u>	<u>\$ 409,982</u>	<u>\$ 793,349</u>	<u>\$ 3,897,655</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund*

For the Fiscal Year Ended June 30, 2012

	Original	Final	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 1,130,922	\$ 1,188,010	\$ 1,187,317	\$ (693)
Income Tax	962,178	1,010,747	1,010,158	(589)
Intergovernmental	3,350,589	3,519,723	3,517,671	(2,052)
Interest	7,652	8,039	8,034	(5)
Tuition and Fees	290,739	305,415	305,237	(178)
Rent	1,910	2,006	2,005	(1)
Miscellaneous	643	675	675	0
<i>Total Receipts</i>	<u>5,744,633</u>	<u>6,034,615</u>	<u>6,031,097</u>	<u>(3,518)</u>
Disbursements				
Current:				
Instruction:				
Regular	2,587,070	2,819,899	2,735,077	84,822
Special	592,819	646,171	626,734	19,437
Adult/Continuing	4,729	5,155	5,000	155
Student Intervention Services	44,757	48,785	47,318	1,467
Other	157,294	171,450	166,293	5,157
Support Services:				
Pupils	68,011	74,132	71,902	2,230
Instructional Staff	239,751	261,328	253,467	7,861
Board of Education	8,976	9,783	9,489	294
Administration	513,227	559,416	542,589	16,827
Fiscal	207,555	226,234	219,429	6,805
Operation and Maintenance of Plant	606,425	661,002	641,119	19,883
Pupil Transportation	341,416	372,143	360,949	11,194
Central	8,513	9,279	9,000	279
Extracurricular Activities:				
Sport Oriented Activities	154,107	167,977	162,924	5,053
<i>Total Disbursements</i>	<u>5,534,650</u>	<u>6,032,754</u>	<u>5,851,290</u>	<u>181,464</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>209,983</u>	<u>1,861</u>	<u>179,807</u>	<u>177,946</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	100	71	(29)
Refund of Prior Year Receipts	0	(2,250)	(2,250)	0
<i>Total Other Financing Sources and (Uses)</i>	<u>0</u>	<u>(2,150)</u>	<u>(2,179)</u>	<u>(29)</u>
<i>Net Change in Fund Balance</i>	209,983	(289)	177,628	177,917
<i>Fund Balance Beginning of Year (Restated)</i>	2,417,539	2,417,539	2,417,539	0
Prior Year Encumbrances Appropriated	48,674	48,674	48,674	0
<i>Fund Balance End of Year</i>	<u>\$ 2,676,196</u>	<u>\$ 2,465,924</u>	<u>\$ 2,643,841</u>	<u>\$ 177,917</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District
Paulding County**

*Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
June 30, 2012*

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 20,981	\$ 30,407
Liabilities		
Due to Students		\$ 30,407
Net Assets		
Held in Trust for Scholarships	\$ 20,981	

See accompanying notes to the basic financial statements.

Antwerp Local School District
Paulding County

Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2012

	<u>Private Purpose Trust</u>
Additions	
Gifts and Contributions	<u>\$ 20,981</u>
<i>Change in Net Assets</i>	20,981
<i>Net Assets Beginning of Year</i>	<u>0</u>
<i>Net Assets End of Year</i>	<u><u>\$ 20,981</u></u>

See accompanying notes to the basic financial statements.

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**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

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

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

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

The District is associated with three organizations, which are defined as jointly governed organizations, and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, Western Buckeye Local Professional Development Committee, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Paulding County School Consortium’s Employee Insurance Benefits Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

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 District's accounting policies.

A. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

B. Fund Accounting

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

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

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

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

General Fund – The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund balance is available to the District for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Permanent Improvement Fund – The Permanent Improvement capital projects fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

The other governmental funds of the District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

Fiduciary Fund Types

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

C. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution Report, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control established by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds, are made by the Treasurer.

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

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

E. Cash and Cash Equivalents

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

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

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.

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 \$8,034, which includes \$1,775 assigned from other District funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Compensated Absences

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

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

L. Long-Term Debt

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

M. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

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

1. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the District. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursements for specified purposes.
2. Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

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

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 District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

- a. Non-spendable - The non-spendable 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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

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 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. 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 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.

N. Interfund Transactions

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

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

O. Intergovernmental Receipts

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

P. Receipts and Disbursements

Program Receipts

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

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

Disbursements

Governmental activities include the District's programs and services, including instruction, support services, extracurricular activities, and food service operations.

NOTE 3 – PRIOR PERIOD RESTATEMENT OF FUND BALANCES

The District's governmental beginning balances have been restated to correct homestead and rollback that was incorrectly allocated to the funds in fiscal year 2011 and due to changes in the funds considered to be major funds as of June 30, 2011. In fiscal year 2011, the Ohio School Facility Commission (OSFC) Local/State Share Fund was classified as a major fund. In fiscal year 2012, the Permanent Improvement Fund was classified as a major fund.

	General Fund	OSFC Local/ State Share Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental
Fund Balance at June 30, 2011	\$2,514,606	\$419,467	\$0	\$779,999	\$3,714,072
Accounting Correction	(31,940)	0	10,559	21,381	0
Fund Reclassifications:					
OSFC Local/State Share Fund	0	(419,467)	0	419,467	0
Permanent Improvement Fund	0	0	369,034	(369,034)	0
Restated Fund Balance at July 1, 2011	\$2,482,666	\$0	\$379,593	\$851,813	\$3,714,072

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

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

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

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

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

Deposits

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all uninsured public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the District's deposits was \$3,948,983 and the bank balance was \$3,999,928. Of the bank balance, \$814,885 was covered by federal depository insurance and \$3,185,043 was collateralized but uninsured.

At June 30, 2012, the District had \$60 in cash with fiscal agent held by the Western Buckeye Educational Service Center, which is included on the statement of net assets and the statement of assets and fund balances (cash basis) as "Cash and Cash Equivalents with Fiscal Agent".

Interest Rate Risk

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the District.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Paulding County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

The assessed values upon which fiscal year 2012 taxes were collected are:

	2011 Second-Half		2012 First-Half	
	Collections		Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$61,494,420	97%	\$61,650,990	97%
Public Utility	2,149,780	3%	2,240,630	3%
Total Assessed Value	<u>\$63,644,200</u>	<u>100%</u>	<u>\$63,891,620</u>	<u>100%</u>
Total rate per \$1,000 of assessed valuation	\$45.45		\$45.45	

NOTE 6 – INCOME TAXES

The District levies a tax of 1.5% for general operations and building maintenance on the income of residents and of estates. Of the overall 1.5% taxes, 0.75% is a 5 year renewable tax, last renewed in May, 2010, and 0.75% of the income tax is a continuing tax. The District decided to legally restrict 0.5% of the income tax levy for building maintenance, in lieu of the ½ millage of property tax allocation for these uses.

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

NOTE 7- RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2012, the District contracted with Ohio School Plan for property and fleet, general liability, and inland marine insurance coverage.

Ohio School Plan (at Replacement Cost):

Boiler and Machinery (\$1,000 deductible)	\$ 27,547,349
Crime Insurance (\$1,000 deductible)	25,000
Automotive	
Liability	3,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	3,000,000
Per Year	5,000,000

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

B. Workers' Compensation

For fiscal year 2012, the District participated in the Ohio School Boards Association Workers'

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

Compensation Group Retro Program (GRP), an insurance purchasing pool (Note 15). Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The District was ineligible for the discounted rates offered by the GRP due to a prior claim liability. The GRP still manages the District's claims. The firm of Compensation Management Consultants provides administrative, cost control, and actuarial services to the GRP.

C. Health Care Benefits

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

NOTE 8 - PENSION PLANS

A. School Employees Retirement System

Plan Description – The 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 District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 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 District’s required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$73,403, \$64,545 and \$66,556, respectively; 42 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010.

B. State Teachers Retirement System

Plan Description – The District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

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.

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 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$319,573, \$297,056 and \$308,338, respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$5,675 made by the District and \$4,053 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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, no members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

NOTE 9 - POST EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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. 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 District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$12,628, \$15,791, and \$11,411, respectively; 42 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the actuarially required

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$4,335, \$3,838, and \$3,958, respectively; 41 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 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. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$24,583, \$22,850, and \$23,718, respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

NOTE 10 - EMPLOYEE BENEFITS - COMPENSATED ABSENCES

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

NOTE 11- LONG-TERM OBLIGATIONS

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

	Interest Rate	Principal Outstanding 6/30/2011	Additions	Reductions	Principal Outstanding 6/30/2012	Due Within One Year
<i>General Obligations</i>						
2002 Bond Issue						
Current Interest	2.46-4.75%	\$1,970,000	\$0	\$1,970,000	\$0	\$0
Capital Appreciation	4.55-4.65%	85,998	0	0	85,998	45,467
Accretion of Interest		195,360	19,536	0	214,896	119,533
2012 Refunding						
Current Interest Serial and Term Bonds	2.00-4.00%	0	1,805,000	0	1,805,000	0
Total General Obligations		\$2,251,358	\$1,824,536	\$1,970,000	\$2,105,894	\$165,000

2002 Various Purpose General Obligation Bonds - In 2002, the District issued \$3,260,998 in voted general obligation bonds for the acquisition, construction, and improvement to buildings and structures.

The current interest serial bonds maturing on December 1, 2011 were refunded by the proceeds of the 2012 refunding bonds.

The capital appreciation bonds will mature on December 1 in fiscal years 2013 and 2014 and are not subject to redemption prior to maturity. The maturity amount of the bonds is \$330,000. For fiscal year 2012, \$19,536 was accreted for a total capital appreciation bond value of \$300,894.

2012 General Obligation Refunding Bonds – On May 16, 2012 the District issued \$1,805,000 in general obligation bonds for the purpose of refunding a portion of the 2002 various purpose general obligation bonds originally issued in the amount of \$3,260,998 for the purpose of acquisition, construction and improvements to school buildings and structures. The bond issue includes \$1,805,000 of serial bonds. The bonds will be retired from the Bond Retirement debt service fund.

The Serial Bonds will mature in various principal amounts with varying interest rates starting on December 1, 2014 and on each December 1 thereafter at 100% of the principal amount for the years 2014 through 2020.

The Term Bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2021 and in the respective principal amount as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$235,000

The remaining principal amount of such Term Bonds (\$115,000) will mature at stated maturity on December 1, 2022.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete refunding was \$243,042. The economic gain resulting from the refunding was \$206,864.

Future principal and interest requirements as of June 30, 2012 are as follows:

Fiscal Year Ending June 30,	2002 Capital Appreption Bonds		2012 Refunding Bonds		Total	
	Principal	Accretion	Principal	Interest	Principal	Accretion/ Interest
2013	\$45,467	\$109,571	\$0	\$59,271	\$45,467	\$168,842
2014	40,531	105,325	0	56,900	40,531	162,225
2015	0	0	190,000	55,000	190,000	55,000
2016	0	0	195,000	50,175	195,000	50,175
2017	0	0	200,000	44,250	200,000	44,250
2018 - 2022	0	0	1,105,000	122,725	1,105,000	122,725
2023	0	0	115,000	2,300	115,000	2,300
	<u>\$85,998</u>	<u>\$214,896</u>	<u>\$1,805,000</u>	<u>\$390,621</u>	<u>\$1,890,998</u>	<u>\$605,517</u>

NOTE 12 – FUND BALANCE

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

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

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

	<u>General</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
Restricted for:				
Capital Outlay	\$0	\$409,982	\$310,023	\$720,005
Classroom Facilities Maintenance	0	0	33,481	33,481
Debt Service	0	0	379,129	379,129
Special Education	0	0	70	70
Budget Stabilization	13,557	0	0	13,557
Other Purposes	3,688	0	70,646	74,334
Total Restricted	<u>17,245</u>	<u>409,982</u>	<u>793,349</u>	<u>1,220,576</u>
Assigned for:				
Other Purposes	2,309	0	0	2,309
Instruction	6,820	0	0	6,820
Support Services	29,860	0	0	29,860
Extracurricular Activities	9	0	0	9
Subsequent Year Appropriations	9,000	0	0	9,000
Total Assigned	<u>47,998</u>	<u>0</u>	<u>0</u>	<u>47,998</u>
Unassigned	<u>2,629,081</u>	<u>0</u>	<u>0</u>	<u>2,629,081</u>
Total Fund Balance	<u>\$ 2,694,324</u>	<u>\$ 409,982</u>	<u>\$ 793,349</u>	<u>\$ 3,897,655</u>

NOTE 13 - STATUTORY RESERVES

The District is required by State law to set aside certain general fund receipt amounts, as defined, into various reserves. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2012, only the unspent portion of certain workers' compensation refunds is required to be set aside at fiscal year end.

During the fiscal year ended June 30, 2012, the set-aside activity was as follows:

	Capital Improvements	Budget Stabilization
Set Aside Balance June 30, 2011	\$0	\$13,557
Current Year Set Aside Requirement	113,874	0
Current Year Qualifying Expenditures	(109,758)	0
Current Year Offsets	(172,428)	0
Total	<u>(\$168,312)</u>	<u>\$13,557</u>
Balance Carried Forward to Fiscal Year 2013	<u>\$0</u>	<u>\$13,557</u>
Set Aside Balance June 30, 2012	<u>\$0</u>	<u>\$13,557</u>

Although the District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital improvements set-aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years. However, for capital acquisitions, proceeds from bonds issued in prior years, \$3,235,276, may be used to reduce the set-aside requirements in future years. The Budget Stabilization set-aside above represents the portion designated from workers compensation refunds. The

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

Board has designated an additional \$34,229 for budget stabilization.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based on a per pupil charge dependent on the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2012, the District paid \$8,337 to NOACSC for various services. Financial information can be obtained by contacting Ray Burden, Director, 645 South Main Street, Lima, Ohio 45804.

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

Western Buckeye Local Professional Development Committee - The District is a participant in the Western Buckeye Local Professional Development Committee (the Committee), which is a regional council of governments established to provide professional educator license renewal standards and procedures. The Committee is governed by a Board made up of teachers from Crestview Local School District, Lincolnview Local School District, Vantage Career Center, Western Buckeye Educational Service Center, Thomas Edison MRDD, and principals from districts of the consortium. The degree of control exercised by any participating district is limited to its representation on the Board. To obtain financial information, write to the Western Buckeye Educational Service Center, 202 N. Cherry St., P.O. Box 176, Paulding, Ohio 45879.

NOTE 15 - GROUP PURCHASING POOLS

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

Paulding County School Consortium's Employee Insurance Benefits Program - The District participates in the Paulding County School Consortium's Employee Insurance Benefits Program (Program), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Program is

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

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

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Program is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Rob Wannemacher, 4915 U.S. Rt. 127, Haviland, Ohio 45851.

NOTE 16 – BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in fund balance - budget and actual (budget basis) presented for the General 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) 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 budget basis to the cash basis for the General Fund is as follows:

Net Change in Fund Balance	
	General Fund
Cash basis	\$211,658
Funds budgeted elsewhere **	2,659
Adjustment for encumbrances	(36,689)
Total	\$177,628

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Public School Support Fund and Uniform School Supplies Fund.

**Antwerp Local School District
Paulding County**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2012
(Continued)*

NOTE 17 – CONTINGENCIES

A. Grants

The District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

B. Litigation

The District is not party to any claims or lawsuits that would, in the District's opinion, have a material effect of the basic financial statements.

NOTE 18 – COMPLIANCE

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2012, the District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

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Dave Yost • Auditor of State

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

Antwerp Local School District
Paulding County
303 South Harrmann Road
Antwerp, Ohio 45813-9574

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 23, 2014

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance Citation

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

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

For fiscal years 2013 and 2012, the District did prepare financial statements that, 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). There would be variances on the financial statements between the District's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

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

Officials' Response:

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

FINDING NUMBER 2013-002

Material Weakness

Accurate financial reporting is the responsibility of the Treasurer of the Board of Education and is essential to ensure the information provided to the readers of the financial statements is correct.

We noted material financial statement errors for fiscal years 2013 and 2012, including the following:

- Governmental Activities general receipts on the Statement of Activities were understated by \$1,871,088 due to a payment to refunded bond escrow agent that was incorrectly reported as a negative receipt instead of as a disbursement in fiscal year 2012.
- Debt service principal totaling \$119,533, reported in the Bond Retirement Fund on the fund financial statement and in Governmental Activities on the Statement of Activities, was incorrectly reported as debt service interest in fiscal year 2013.

As a result of these errors, the District's financial statements did not correctly reflect the financial activity of the District each fiscal year. The District's financial statements and accounting records have been adjusted to reflect these and other errors ranging from \$10,559 to \$1,871,088.

To ensure the District's financial statements and notes to the statements are complete and accurate, we recommend the Treasurer post all transactions in accordance with the guidance established by the Uniform School Accounting System issued by the Auditor of State. Furthermore, the Board should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board, to identify and correct errors and omissions.

Officials' Response:

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	<p>Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(B) for not preparing its annual financial report in accordance with generally accepted accounting principles.</p>	No	Not Corrected. Reissued as finding 2013-001 in this report.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Antwerp Local School District
Paulding County
303 South Harrmann Road
Antwerp, Ohio 45813-9574

To the Board of Education:

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

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

We noted the Board amended its anti-harassment policy at its meeting on April 19, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

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

Dave Yost
Auditor of State

January 23, 2014

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Dave Yost • Auditor of State

ANTWERP LOCAL SCHOOL DISTRICT

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2014**