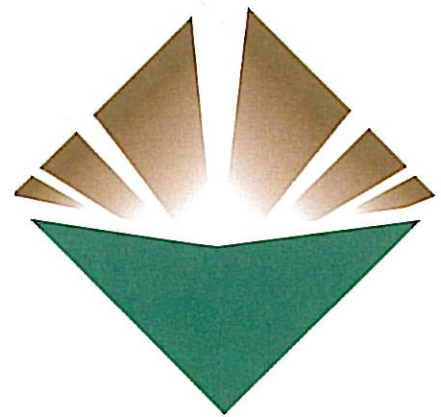


Antwerp Local School District
Paulding County
Basic Financial Statements – Cash Basis

For the Fiscal Years Ended June 30, 2008 and 2007



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Antwerp Local School District, Paulding County, prepared by Rea & Associates, Inc., for the audit period July 1, 2006 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 24, 2009

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**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

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Rea & Associates, Inc.

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We're Ready For Your Future

December 30, 2008

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Antwerp Local School District, Paulding County, Ohio (the School District), as of and for the years ended June 30, 2008 and June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Antwerp Local School District, Paulding County, Ohio, as of the years ended June 30, 2008 and June 30, 2007, and the respective changes in cash basis financial position thereof and the respective budgetary comparisons for the General Fund for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Rea & Associates, Inc.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2007*

The discussion and analysis of the Antwerp Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets increased \$65,373 in fiscal year 2007.
- General receipts accounted for \$5,263,852, or 82 percent of all receipts. Program specific receipts in the form of charges for services, operating grants, capital grants, contributions, and interest accounted for \$1,194,348, or 18 percent of total receipts of \$6,458,200.
- The School District's major funds included the General Fund and the Classroom Facilities Capital Projects Fund. The General Fund had \$5,315,186 in receipts and other financing sources and \$5,268,056 in disbursements and other financing uses. The General Fund's balance increased \$47,130 from the prior fiscal year. The Classroom Facilities Capital Projects Fund had \$57,245 in receipts and other financing sources and \$0 in disbursements. The Classroom Facilities Capital Projects Fund's balance increased \$57,245 from the prior fiscal year.
- The receipts generated from the Bond Retirement Debt Service Fund are used to pay for the current portion of bonded debt.

Using the Basic Financial Statements

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

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

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the School District did financially during fiscal year 2007. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2007*

In the statement of net assets, cash basis, and the statement of activities, cash basis, the School District discloses a single type of activity - governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund and the Classroom Facilities Capital Projects Fund.

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

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2007 compared to fiscal year 2006. The increase in net assets was insignificant.

**Table 1
Net Assets - Cash Basis**

	2007	2006
<u>Assets:</u>		
Pooled Cash and Cash Equivalents	\$2,154,879	\$2,089,742
Cash with Fiscal Agent	23,831	23,595
Total Assets	2,178,710	2,113,337
<u>Net Assets:</u>		
Restricted for:		
Debt Service	160,082	161,389
Capital Outlay	1,151,573	1,105,989
Other Purposes	316,964	342,998
Set Asides	119,714	82,756
BWC Refund	13,557	13,557
Bus Purchase	6,201	0
Unrestricted	410,619	406,648
Total Net Assets	\$2,178,710	\$2,113,337

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2007*

Table 2 reflects the changes in net assets for fiscal years 2007 and 2006. During fiscal year 2007, total receipts increased by 6 percent compared to a 2 percent increase in expense. This resulted in an increase in net assets for fiscal year 2007.

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

	<u>2007</u>	<u>2006</u>
<u>Receipts:</u>		
Program Receipts:		
Charges for Services and Sales	\$555,944	\$564,239
Operating Grants, Contributions and Interest	567,609	597,055
Capital Grants, Contributions and Interest	70,795	60,426
Total Program Receipts	<u>1,194,348</u>	<u>1,221,720</u>
General Receipts:		
Property Taxes	1,421,265	1,416,487
Income Taxes	820,648	477,656
Grants and Entitlements	2,954,070	2,899,809
Investment Earnings	60,386	50,219
Other	7,483	13,332
Total General Receipts	<u>5,263,852</u>	<u>4,857,503</u>
Total Receipts	<u>6,458,200</u>	<u>6,079,223</u>
<u>Disbursements:</u>		
Instruction	3,578,821	3,153,984
Support Services:		
Pupils	92,808	196,018
Instructional Staff	252,866	353,282
Board of Education	8,048	7,892
Administration	477,142	567,461
Fiscal	212,398	172,832
Operation and Maintenance of Plant	593,716	540,891
Pupil Transportation	314,201	335,888
Operation of Non-Instructional Services	49,495	33,208
Non-Instructional	232,235	237,167
Extracurricular Activities	219,084	220,809
Capital Outlay	104,918	71,362
Principal	140,000	234,000
Interest and Fiscal Charges	117,095	122,012
Total Disbursements	<u>6,392,827</u>	<u>6,246,806</u>
Increase/(decrease) in Net Assets	<u>\$65,373</u>	<u>(\$167,583)</u>

Program receipts account for 18 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 57 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 10 percent of governmental disbursements. Maintenance of the School District's facilities also represents a significant disbursement of 9 percent. The remaining 24 percent of the School District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2007*

Governmental Activities

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

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
Instruction	\$3,578,821	\$ 2,889,681	\$3,153,984	\$2,427,474
Support Services:				
Pupils	92,808	92,581	196,018	196,018
Instructional Staff	252,866	213,293	353,282	268,324
Board of Education	8,048	8,048	7,892	7,892
Administration	477,142	464,583	567,461	567,461
Fiscal	212,398	207,398	172,832	167,832
Operation and Maintenance of Plant	593,716	574,401	540,891	540,891
Pupil Transportation	314,201	314,201	335,888	335,888
Operation of Non-Instructional	49,495	14,075	33,208	2,685
Food Services	232,235	14,444	237,167	(56)
Extracurricular Activities	219,084	141,168	220,809	143,729
Capital Outlay	104,918	34,123	71,362	10,936
Principal	140,000	113,388	234,000	234,000
Interest and Fiscal Charges	117,095	117,095	122,012	122,012
Total Disbursements	<u>\$6,392,827</u>	<u>\$5,198,479</u>	<u>\$6,246,806</u>	<u>\$5,025,086</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 80 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 82 percent. The remaining 18 percent are derived from tuition and fees, specific grants, donations and interest.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. The School District's major government funds are the General Fund and the Classroom Facilities Capital Projects Fund. Total governmental funds had receipts of \$6,466,908 and disbursements of \$6,401,535. The net positive change of \$65,373 in fund balance for the year indicates that the School District was able to meet its current costs.

General Fund – The General Fund cash balance at June 30, 2007 was \$550,091 which represents 25.2% of total governmental funds' cash balances for fiscal year 2007. General fund receipts were more than disbursements by \$47,130 mostly due to controlled budgeting of disbursements.

Classroom Facilities Fund – The Classroom Facilities Fund cash balance at June 30, 2007 was \$1,002,317 which represents 46.0% of total governmental funds' cash balances for fiscal year 2007. Classroom Facilities Fund receipts were more than disbursements by \$57,245.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2007*

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2007, the School District amended its General Fund budget as needed. Final disbursements were budgeted at \$5,381,152 while actual disbursements were \$5,295,178.

Debt Administration

At June 30, 2007, the School District had \$2,748,214 outstanding in school improvement general obligation bonds for building improvements. The bonds were originally issued for a twenty-two year period, with final maturity on December 1, 2022. The bonds are being retired through the Bond Retirement Debt Service Fund.

At June 30, 2007, the School District had \$2,188 in an asbestos removal loan for removing asbestos from older buildings. The asbestos loan was entered into in 1988 through the United States Environmental Protection Agency. The purpose of this loan is to provide receipts for the removal of asbestos from school buildings. This interest free promissory note will mature in fiscal year 2008. The loan is being retired through the Bond Retirement Debt Service Fund.

At June 30, 2007, the School District's overall legal debt margin was (\$49,997) with an un-voted debt margin of \$25,944.

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

Current Issues

The School District is holding its own in the state of a declining economy and uncertainty in State funding. Antwerp 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.

The School District is currently operating in the first year of the state biennium budget. 37.53 percent of School District receipt sources are from local funds, 59.82 percent is from state funds, and the remaining 2.65 percent is from federal funds. The total disbursement per pupil was calculated at \$7,084.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jane Limber, Treasurer, Antwerp Local School District, 303 South Harrmann Road, Antwerp, Ohio 45813.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Statement of Net Assets - Cash Basis
June 30, 2007*

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 2,154,879
Cash and Cash Equivalents with Fiscal Agents	<u>23,831</u>
Total Assets	<u>2,178,710</u>
NET ASSETS:	
Restricted for:	
Debt Service	160,082
Capital Outlay	1,151,573
Other Purposes	316,964
Set Asides	119,714
BWC Refund	13,557
Bus Purchase	6,201
Unrestricted	<u>410,619</u>
Total Net Assets	<u>\$ 2,178,710</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, 2007*

	Cash Disbursements	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 2,719,571	\$ 283,345	\$ 39,498	\$ 0	\$ (2,396,728)
Special	698,685	0	362,043	0	(336,642)
Adult/Continuing	5,000	0	2,020	0	(2,980)
Other	155,565	0	2,234	0	(153,331)
Support Services:					
Pupils	92,808	0	227	0	(92,581)
Instructional Staff	252,866	0	39,573	0	(213,293)
Board of Education	8,048	0	0	0	(8,048)
Administration	477,142	0	12,559	0	(464,583)
Fiscal	212,398	0	5,000	0	(207,398)
Operation and Maintenance of Plant	593,716	0	19,315	0	(574,401)
Pupil Transportation	314,201	0	0	0	(314,201)
Operation of Non-Instructional Services	49,495	35,420	0	0	(14,075)
Operation of Food Services	232,235	159,263	58,528	0	(14,444)
Extracurricular Activities	219,084	77,916	0	0	(141,168)
Capital Outlay	104,918	0	0	70,795	(34,123)
Debt Service:					
Principal	140,000	0	26,612	0	(113,388)
Interest and Fiscal Charges	117,095	0	0	0	(117,095)
Totals	\$ 6,392,827	\$ 555,944	\$ 567,609	\$ 70,795	\$ (5,198,479)
General Receipts:					
Taxes:					
Property Taxes, Levied for General Purposes					1,064,298
Property Taxes, Levied for Capital Outlay					125,547
Property Taxes, Levied for Debt Service					231,420
Income Taxes					820,648
Grants and Entitlements not Restricted to Specific Programs					2,954,070
Investment Earnings					60,386
Miscellaneous					563
Refund of Prior Year Disbursements					6,920
Total General Receipts					5,263,852
Change in Net Assets					65,373
Net Assets Beginning of Year					2,113,337
Net Assets End of Year					\$ 2,178,710

See accompanying notes to the basic financial statements.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Balance Sheet - Cash Basis
Governmental Funds
June 30, 2007*

	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 410,619	\$ 1,002,317	\$ 602,471	\$ 2,015,407
Cash and Cash Equivalents with Fiscal Agents	0	0	23,831	23,831
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>139,472</u>	<u>0</u>	<u>0</u>	<u>139,472</u>
Total Assets	\$ <u>550,091</u>	\$ <u>1,002,317</u>	\$ <u>626,302</u>	\$ <u>2,178,710</u>
Fund Balances				
Reserved:				
Encumbrances	\$ 34,066	\$ 0	\$ 23,763	\$ 57,829
Textbooks and Instructional Materials	119,714	0	0	119,714
BWC Refund	13,557	0	0	13,557
Bus Purchase	6,201	0	0	6,201
Unreserved, Designated for Budget Stabilization	34,229	0	0	34,229
Unreserved, Undesignated, Reported in:				
General Fund	342,324	0	0	342,324
Special Revenue Funds	0	0	293,201	293,201
Debt Service Funds	0	0	160,082	160,082
Capital Projects Funds	<u>0</u>	<u>1,002,317</u>	<u>149,256</u>	<u>1,151,573</u>
Total Fund Balances	\$ <u>550,091</u>	\$ <u>1,002,317</u>	\$ <u>626,302</u>	\$ <u>2,178,710</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, 2007*

	<u>General Fund</u>	<u>Classroom Facilities Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS:				
Property and Other Local Taxes	\$ 1,064,298	\$ 0	\$ 356,967	\$ 1,421,265
Income Tax	795,459	0	25,189	820,648
Intergovernmental	3,134,225	0	407,923	3,542,148
Interest	57,693	50,326	2,693	110,712
Tuition and Fees	260,328	0	57,032	317,360
Rent	1,405	0	0	1,405
Extracurricular Activities	0	0	77,916	77,916
Customer Sales and Services	0	0	159,263	159,263
Miscellaneous	13	0	7,469	7,482
Total Receipts	<u>5,313,421</u>	<u>50,326</u>	<u>1,094,452</u>	<u>6,458,199</u>
CASH DISBURSEMENTS:				
Current:				
Instruction:				
Regular	2,628,738	0	90,833	2,719,571
Special	511,125	0	187,560	698,685
Adult/Continuing	5,000	0	0	5,000
Other	153,327	0	2,238	155,565
Support Services:				
Pupils	92,581	0	227	92,808
Instructional Staff	208,988	0	43,878	252,866
Board of Education	8,048	0	0	8,048
Administration	463,383	0	13,759	477,142
Fiscal	193,997	0	18,401	212,398
Operation and Maintenance of Plant	533,851	0	59,865	593,716
Pupil Transportation	314,201	0	0	314,201
Operation of Non-Instructional Services	0	0	49,495	49,495
Operation of Food Services	0	0	232,235	232,235
Extracurricular Activities	147,873	0	71,211	219,084
Capital Outlay	0	0	104,918	104,918
Debt Service:				
Principal	0	0	140,000	140,000
Interest	0	0	117,095	117,095
Total Disbursements	<u>5,261,112</u>	<u>0</u>	<u>1,131,715</u>	<u>6,392,827</u>
Excess of Receipts Over (Under) Disbursements	<u>52,309</u>	<u>50,326</u>	<u>(37,263)</u>	<u>65,372</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	1,764	0	25	1,789
Refund of Prior Year Disbursements	1	6,919	0	6,920
Transfers Out	(25)	0	(1,764)	(1,789)
Refund of Prior Year Receipts	(6,919)	0	0	(6,919)
	<u>(5,179)</u>	<u>6,919</u>	<u>(1,739)</u>	<u>1</u>
Other Financing Sources and Uses:				
Net Change in Fund Balances	47,130	57,245	(39,002)	65,373
Fund Balance at Beginning of Year	502,961	945,072	665,304	2,113,337
Fund Balance at End of Year	<u>\$ 550,091</u>	<u>\$ 1,002,317</u>	<u>\$ 626,302</u>	<u>\$ 2,178,710</u>

See accompanying notes to the basic financial statements.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Schedule of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2007*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CASH RECEIPTS:				
Property and Other Local Taxes	\$ 988,045	\$ 1,064,298	\$ 1,064,298	\$ 0
Income Tax	687,542	795,459	795,459	0
Intergovernmental	3,098,429	3,134,224	3,134,225	1
Interest	22,000	57,950	57,693	(257)
Tuition and Fees	264,570	260,328	260,328	0
Rent	600	1,405	1,405	0
Miscellaneous	160,500	13	13	0
Total Receipts	<u>5,221,686</u>	<u>5,313,677</u>	<u>5,313,421</u>	<u>(256)</u>
CASH DISBURSEMENTS:				
Current:				
Instruction:				
Regular	2,631,667	2,683,678	2,628,736	54,942
Special	1,000	512,125	511,125	1,000
Adult/Continuing	5,000	5,000	5,000	0
Other	130,000	153,327	153,327	0
Support Services:				
Pupils	93,580	96,046	92,622	3,424
Instructional Staff	224,494	228,339	215,007	13,332
Board of Education	8,962	8,048	8,048	0
Administration	948,279	470,944	463,465	7,479
Fiscal	199,766	193,249	194,313	(1,064)
Operation and Maintenance of Plant	570,479	567,707	558,054	9,653
Pupil Transportation	296,920	323,149	317,567	5,582
Extracurricular Activities	137,090	139,540	147,914	(8,374)
Total Disbursements	<u>5,247,237</u>	<u>5,381,152</u>	<u>5,295,178</u>	<u>85,974</u>
Excess of Receipts Over (Under) Disbursements	<u>(25,551)</u>	<u>(67,475)</u>	<u>18,243</u>	<u>85,718</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	0	1,764	1,764	0
Refund of Prior Year Expenditures	0	1	1	0
Transfers Out	(4)	(25)	(25)	0
Refund of Prior Year Receipts	0	(6,919)	(6,919)	0
Total Other Financing Sources and Uses	<u>(4)</u>	<u>(5,179)</u>	<u>(5,179)</u>	<u>0</u>
Net Change in Fund Balances	(25,555)	(72,654)	13,064	85,718
Fund Balance at Beginning of Year	479,902	479,902	479,902	0
Prior Year Encumbrances Appropriated	23,059	23,059	23,059	0
Fund Balance at End of Year	<u>\$ 477,406</u>	<u>\$ 430,307</u>	<u>\$ 516,025</u>	<u>\$ 85,718</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, 2007

	<u>Agency Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>47,005</u>
Total Assets	<u>47,005</u>
Net Assets	
Held in Trust for Student Activities	<u>47,005</u>
Total Net Assets	\$ <u><u>47,005</u></u>

See accompanying notes to the basic financial statements.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Antwerp Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local school district as defined by §3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District. The Board oversees the operations of the School District's one instructional/support facility staffed by 31 non-certified and 42 certified full-time teaching personnel who provide services to 692 students and other community members.

Reporting Entity

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

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

The School District is associated with five organizations, which are defined as jointly governed organizations, and an insurance purchasing pool. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, Van Wert Area Schools Consortium Local Professional Development Committee, Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Paulding County School Council Employees Insurance Benefits Program. These organizations are presented in Notes 11 and 12 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

The School District also reports long-term investments as assets, valued at cost.

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

Budgetary presentations report budgetary expenditures 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 expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund cash balance (cash basis).

B. Basis of Presentation

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

1. Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

2. Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements 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.

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

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

ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Fund Accounting

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

1. Governmental Funds:

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

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

Classroom Facilities Fund - The Classroom Facilities Fund is used to account for the receipts and disbursements related to the construction of new school buildings.

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

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature (assets equal net assets) and do not involve measurement of results of operations. The School District's fiduciary funds include agency funds to account for various student-managed activities.

D. Budgetary Process

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

E. Cash and Investments

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

During fiscal year 2007, investments were limited to STAROhio. STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2007.

Following Ohio Statutes, the Board of Education has by resolution specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 were \$57,693, which includes \$13,846 assigned from other funds. Interest receipts credited to the Classroom Facilities Fund during fiscal year 2007 was \$50,326.

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Restricted Assets

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

G. Capital Assets

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

H. Compensated Absences

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

I. Long-term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

J. Equity

Government-Wide Statements:

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes.

All other assets that do not meet the definition of "restricted" are reported as unrestricted. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. The School District records reservations for portion of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, textbooks and instructional materials, bus purchase and certain unspent portion of workers' compensation refund. The designation for budget stabilization represents receipts set aside that exceed statutorily required amounts.

K. Interfund Activity

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as disbursements/expenses in the reimbursing fund and a reduction in disbursements/expense in the reimbursed fund.

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

L. 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 fixed assets in proprietary funds are recorded as receipts when the grant money is received.

M. Inventory

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

N. Employer Contributions to Cost Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

O. Receipts and Disbursements

Program Receipts

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

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

Disbursements

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and
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. Investments may only be made through specified dealers and institutions.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

3. DEPOSITS AND INVESTMENTS (continued)

At June 30, 2007, the School District had \$23,831 in cash with fiscal agent held by the Western Buckeye Educational Service Center, which is included on the statement of net assets and balance sheet as "Cash and Cash Equivalents with Fiscal Agents."

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2007, the carrying balance of the School District was \$300,668. Of the School District's \$333,700 bank balance, \$233,700 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

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

Investments

As of June 30, 2007, the School District had \$1,901,216 invested in STAROhio.

Interest Rate Risk - The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Credit Risk - STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issuer. 100 percent of the School District's investments are in STAROhio.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

4. PROPERTY TAXES

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

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of the prior December 31. For 2007, tangible personal property is assessed at 12.5% for property. This percentage will be reduced to 6.25% for 2008 and zero for 2009.

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

The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$42,133,730	76%	\$21,554,510	83%
Industrial/Commercial	8,703,440	16%	2,877,195	11%
Tangible Personal	2,351,410	4%	1,182,885	5%
Public Utilities	1,861,580	4%	328,965	1%
Total Assessed Value	\$55,050,160	100%	\$25,943,555	100%
Tax rate per \$1,000 of assessed valuation	\$45.45		\$49.25	

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

5. INCOME TAX

The School 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, .75% is a 5 year renewable tax, last renewed in January, 2006 for FY07 taxes and .75% of the income tax is a continuing tax. The School 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 School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund and Classroom Facilities Maintenance Fund.

6. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages are provided as follows:

	Replacement Cost
<u>Ohio School Plan:</u>	
Inland Marine Coverage	
Musical Instruments (\$1,000 deductible)	\$150,000
Audio Visual Equipment (\$1,000 deductible)	200,000
Electronic Equipment (\$1,000 deductible)	616,626
Boiler and Machinery (\$1,000 deductible)	21,631,551
Crime Insurance (\$1,000 deductible)	25,000
Automobile Liability (\$500 deductible)	3,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000
Umbrella Liability	
Per occurrence	2,000,000
Total per year	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

B. Employee Medical Benefits

As of June 30, 2007 the School District has contracted through the Paulding County School Consortium with Anthem as third party provider to provide employee medical/surgical benefits and also dental benefits. Rates are set through an annual calculation process. The School District and the employees share the cost of the monthly premium with the Board.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

6. RISK MANAGEMENT (continued)

C. Workers' Compensation

For fiscal year 2007, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 12). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the performance and is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Anthem Comp Services provided administrative, cost control and actuarial services to the GRP.

7. DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employee Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$71,768, \$71,306, and \$61,693 respectively; equal to the required contributions for each year.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

7. DEFINED BENEFIT PENSION PLAN (continued)

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

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC Plan or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one-time irrevocable decision to transfer their account balance from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries and the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$311,166, \$309,528, and \$340,220, respectively; equal to the required contributions for each year.

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, 2007, no members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

8. POST-EMPLOYMENT BENEFITS

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of monthly premium.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

8. POST-EMPLOYMENT BENEFITS (continued)

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2007 (latest information available), the board allocated employer contributions equal to 1 percent of covered payroll to Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$4.1 billion on June 30, 2007.

For the year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000. There were 122,934 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2007, the allocation rate is 3.32 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2007, the minimum pay has been established as \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006 (the latest information available), were \$158,751,207. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221 percent of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs.

The number of participants eligible to receive benefits is 59,492.

9. LONG TERM OBLIGATIONS

During the year ended June 30, 2007, the following changes occurred in obligations:

	<u>Balance at 6/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/07</u>	<u>Due Within One Year</u>
LONG-TERM OBLIGATIONS					
OSFC School Construction Bonds					
Current Interest Serial Bonds, 2.46% - 4.75% Interest	\$2,680,000	\$ 0	\$135,000	\$2,545,000	\$135,000
Capital Appreciation Bonds, 4.55% - 4.65% Interest	85,998	0	0	85,998	0
Accretion of Interest	97,680	19,536	0	117,216	0
Asbestos Loan - Interest Free	7,188	0	5,000	2,188	2,188
Total General obligation bonds	<u>\$2,870,866</u>	<u>\$19,536</u>	<u>\$140,000</u>	<u>\$2,750,402</u>	<u>\$137,188</u>

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

9. LONG TERM OBLIGATIONS (continued)

The OSFC Bond Issue was entered into in 2002 for the amount of \$3,260,998. The bond was issued for the construction of a new school building. This 2002 bond issue included current interest serial bonds, current interest term bonds, and capital appreciation bonds in the amount of \$1,365,000, \$1,810,000, and \$85,998, respectively. The bonds are being retired from the Bond Retirement debt service fund.

The Asbestos Loan was entered into in 1988 through the United States Environmental Protection Agency. The purpose of this loan is to provide revenues for the removal of asbestos from school buildings. This interest free promissory note maturing in fiscal year 2008 had an original principal amount of \$102,068. The School District will make semi-annual installments of \$2,500.

The School District's voted legal debt margin was (\$49,997) with an unvoted debt margin of \$25,944 at June 30, 2007.

Total expenditures for interest for the above debt for the period ended June 30, 2007 was \$117,095.

The scheduled payments of principal and interest on debt outstanding at June 30, 2007 are as follows:

Fiscal Year Ending June 30,	OSFC Serial Bonds	Capital Appreciation	Asbestos Loan	Interest/ Accretion	Total
2008	\$ 135,000	\$ 0	\$ 2,188	\$ 112,370	\$ 249,558
2009	140,000	0	0	107,280	247,280
2010	145,000	0	0	101,756	246,756
2011	155,000	0	0	95,754	250,754
2012	160,000	0	0	89,295	249,295
2013-2017	520,000	85,998	0	637,540	1,243,538
2018-2022	1,050,000	0	0	186,437	1,236,437
2023	240,000	0	0	5,700	245,700
Total	\$2,545,000	\$ 85,998	\$ 2,188	\$1,336,132	\$3,969,318

10. SET ASIDE DISCLOSURE

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2008, 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, 2008, the reserve activity was as follows:

	Textbooks	Capital Maintenance	Budget Stabilization
Set-aside Balance as of June 30, 2006	\$ 82,756	\$ 0	\$ 13,557
Current Year Set-aside Requirement	103,667	103,667	0
Qualifying Disbursements	(66,709)	(77,945)	0
Total	\$ 119,714	\$ 25,722	\$ 13,557
Set Aside Balance Carried Forward to FY2008	\$ 119,714		\$ 13,557
Prior Year Offsets Carried Forward		(3,260,998)	
Offset balance carried forward to FY2008		\$ (3,235,276)	

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

10. SET ASIDE DISCLOSURE (continued)

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

11. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Mary's and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Ray Burden, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Career Center

The Vantage Career Center is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

C. Van Wert Area Schools Consortium Local Professional Development Committee

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

12. INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

12. INSURANCE POOLS (continued)

B. Paulding County School Consortium's Employee Insurance Benefits Program

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

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

13. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation

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

14. COMPLIANCE AND ACCOUNTABILITY

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

15. INTERFUND ACTIVITY

During the fiscal year ended June 30, 2007, the School District had a \$25 transfer from the General Fund to Other Governmental Funds and \$1,764 transfer from Other Governmental Funds to the General Fund. The transfers were made to close out non-grant funds of the School District.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

The discussion and analysis of the Antwerp Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- General Receipts accounted for \$5,843,571, or 83%, of all receipts.
- Total program disbursements were \$6,739,551.
- In total, net assets increased \$463,955, a 21% increase over net assets at June 30, 2007.

Using this Annual Report

The *Statement of Net Assets* and *Statement of Activities* provide information about the cash activities of the School District as a whole.

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

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

Basis of Accounting

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

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

ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 33. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the General Fund and the Classroom Facilities Fund.

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

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

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 40. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

The School District as a Whole

This year's financial statements were prepared on the cash basis utilizing the GASB 34 format. Table 1 provides a summary of the School District's net assets for fiscal years 2008 and 2007.

**(Table 1)
Net Assets – Cash basis**

	Governmental Activities	
	2008	2007
ASSETS		
Equity in Pooled Cash & Cash Equivalents	\$ 2,629,717	\$ 2,154,879
Cash & Cash Equivalents with Fiscal Agent	12,948	23,831
Total Assets	\$ 2,642,665	\$ 2,178,710
NET ASSETS		
Restricted:		
Debt Service	\$ 179,763	\$ 160,082
Capital Outlay	1,109,115	1,151,573
Other Purposes	235,744	316,964
Set Asides	219,480	119,714
Budget Stabilization	13,557	13,557
Bus Purchase	10,465	6,201
Unrestricted	874,541	410,619
Total Net Assets	\$ 2,642,665	\$ 2,178,710

Net assets of the governmental activities increased \$463,955, which represents a 21% increase from fiscal year 2007. The increase is the result of the closer supervision of disbursements and budgets as well as increased tax and intergovernmental receipts.

A portion of the School District's net assets, \$1,768,124, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets of \$874,541 may be used to meet the School District's ongoing obligations.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Table 2 shows the changes in net assets for fiscal year 2008 as compared to fiscal year 2007.

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

	Governmental Activities	
	2008	2007
Receipts		
<i>Program Receipts</i>		
Charges for Services	\$ 584,197	\$ 555,944
Operating Grants	710,056	567,609
Capital Grants	65,682	70,795
<i>General Receipts</i>		
Property Taxes	1,481,070	1,421,265
Income Taxes	1,083,180	820,648
Grants and Entitlements	3,231,873	2,954,070
Other	47,448	67,869
Total Receipts	7,203,506	6,458,200
<i>Program Disbursements</i>		
Instruction	3,691,539	3,578,821
Support Services	2,032,905	1,951,179
Non-Instructional	44,649	49,495
Food Services	258,036	232,235
Extracurricular	250,702	219,084
Capital Outlay	212,162	104,918
Repayment of Debt	249,558	257,095
Total Disbursements	6,739,551	6,392,827
Increase in Net Assets	\$ 463,955	\$ 65,373

Governmental Activities

Several receipt sources fund the School District's governmental activities with the school foundation program being the largest contributor. School foundation provided \$3.2 million in fiscal year 2008. Property and income tax levies generated \$2.5 million in fiscal year 2008. With the combination of taxes and intergovernmental funding 80% of disbursements in governmental activities, the School District monitors both of these receipt sources very closely for fluctuations.

The majority of program disbursements for governmental activities are for instruction, which accounts for 54.8% of all governmental disbursements. Other programs which support the instruction process account for 30.2% of governmental disbursements. Capital outlay accounted for 3.1% of total governmental disbursements. The remaining 11.9% of the School District's disbursements are related to the primary functions of delivering education and providing facilities.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2008 and 2007.

**(Table 3)
Governmental Activities**

	2008		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 3,691,539	\$ 2,900,218	\$ 3,578,821	\$ 2,889,681
Support Services:				
Pupil and Instructional Staff	362,450	287,447	345,674	305,874
Board of Education, Administration and Fiscal	729,812	698,249	697,588	680,029
Operation and Maintenance of Plant	645,706	626,391	593,716	574,401
Pupil Transportation	294,937	294,937	314,201	314,201
Operation of Non-Instructional	44,649	3,215	49,495	14,075
Food Services	258,036	28,878	232,235	14,444
Extracurricular Activities	250,702	152,405	219,084	141,168
Capital Outlay	212,162	164,994	104,918	34,123
Repayment of Debt	249,558	222,882	257,095	230,483
Total	\$ 6,739,551	\$ 5,379,616	\$ 6,392,827	\$ 5,198,479

Instruction and student support services comprise 60.2% of governmental program disbursements in fiscal year 2008. Board of Education, Administration and Fiscal charges were 10.8% in 2008. Fiscal disbursements include payments to the County Auditor(s) for administrative fees and other administrative services provided by the School District. Pupil transportation and the operation and maintenance of facilities accounted for 14.0% in 2008.

The dependence upon foundation revenues for governmental activities is apparent.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. The School District has two major governmental funds: the General Fund and Classroom Facilities Fund. Receipts of the General Fund comprise \$5,986,950 (83.1%) of the total \$7,203,506 governmental funds' receipts and \$5,418,997 (80.4%) of the total \$6,739,551 governmental funds' disbursements. Receipts of the Classroom Facilities Fund generated \$39,937 (0.6%) in receipts and utilized \$140,359 (2.1%) of the total governmental disbursements.

General Fund – The General Fund cash balance at June 30, 2008 was \$1,118,043 which represents 42.3% of total governmental funds' cash balances for fiscal year 2008. General fund receipts were more than disbursements by \$567,952 mostly due to increases in taxes and intergovernmental receipts and controlled budgeting of disbursements.

Classroom Facilities Fund – The Classroom Facilities Fund cash balance at June 30, 2008 was \$901,895 which represents 34.1% of total governmental funds' cash balances for fiscal year 2008. Classroom Facilities Fund receipts were less than disbursements by \$100,422.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

General Fund Budgeting Highlights

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

During the course of fiscal year 2008, the School District amended its general fund budget to reflect changing circumstances. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis receipts were \$5,986,950 compared to the final budget estimates of \$5,985,018. Of this \$1,932 increase, all was attributable to an increase in interest receipts.

General fund actual disbursements were \$5,490,830, which is under final budgeted disbursements of \$5,547,454 for fiscal year 2008. Actual instruction, instructional staff, operation and maintenance of plant, and pupil transportation disbursements were under budgeted expectations.

Debt Administration

In 2002, the School District passed a bond issue providing \$3,261,000 for the purpose of capital improvements. As of June 30, 2008, \$2.6 million of this bond is still outstanding.

In 1988, the School District entered in to a loan for the removal of asbestos from school buildings. This loan matured and was paid in full during fiscal year 2008.

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 School District is a small, rural community of 1,850 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

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

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

Contacting the School District's Financial Management

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Statement of Net Assets - Cash Basis
June 30, 2008*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,629,717
Cash and Cash Equivalents with Fiscal Agents	12,948
<i>Total Assets</i>	<i>\$ 2,642,665</i>
Net Assets	
Restricted for:	
Debt Service	\$ 179,763
Capital Outlay	1,109,115
Other Purposes	235,744
Set Asides	219,480
Budget Stabilization	13,557
Bus Purchase	10,465
Unrestricted	874,541
<i>Total Net Assets</i>	<i>\$ 2,642,665</i>

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, 2008

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 2,726,114	\$ 291,645	\$ 52,731	\$ 13,658	\$ (2,368,080)
Special	778,214	0	417,305	0	(360,909)
Adult/Continuing	5,000	0	5,000	0	0
Other	182,211	0	10,982	0	(171,229)
Support Services:					
Pupils	89,747	0	0	0	(89,747)
Instructional Staff	272,703	0	75,003	0	(197,700)
Board of Education	9,012	0	0	0	(9,012)
Administration	506,513	0	14,820	0	(491,693)
Fiscal	214,287	931	10,956	4,856	(197,544)
Operation and Maintenance of Plant	645,706	0	19,315	0	(626,391)
Pupil Transportation	294,937	0	0	0	(294,937)
Operation of Non-Instructional Services	44,649	41,434	0	0	(3,215)
Operation of Food Services	258,036	151,890	77,268	0	(28,878)
Extracurricular Activities	250,702	98,297	0	0	(152,405)
Capital Outlay	212,162	0	0	47,168	(164,994)
Repayment of Debt:					
Principal	137,188	0	26,676	0	(110,512)
Interest	112,370	0	0	0	(112,370)
Total Governmental Activities	\$ 6,739,551	\$ 584,197	\$ 710,056	\$ 65,682	(5,379,616)
General Receipts					
Property Taxes Levied for:					
General Purposes					1,108,826
Debt Service					244,259
Capital Projects					127,985
Income Taxes Levied for:					
General Purposes					1,057,991
Building Maintenance					25,189
Grants and Entitlements not Restricted to Specific Programs					3,231,873
Interest					46,932
Miscellaneous					516
Total General Receipts					5,843,571
Change in Net Assets					463,955
Net Assets - Beginning of Year					2,178,710
Net Assets - End of Year					\$ 2,642,665

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, 2008*

	<u>General Fund</u>	<u>Classroom Facilities Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 874,541	\$ 901,895	\$ 609,779	\$ 2,386,215
Cash and Cash Equivalents with Fiscal Agent	0	0	12,948	12,948
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>243,502</u>	<u>0</u>	<u>0</u>	<u>243,502</u>
 <i>Total Assets</i>	 <u><u>\$ 1,118,043</u></u>	 <u><u>\$ 901,895</u></u>	 <u><u>\$ 622,727</u></u>	 <u><u>\$ 2,642,665</u></u>
 Fund Balances				
Reserved for:				
Encumbrances	\$ 71,833	\$ 276,546	\$ 199,638	\$ 548,017
Textbooks and Instructional Materials	219,480	0	0	219,480
Budget Stabilization	13,557	0	0	13,557
Bus Purchases	10,465	0	0	10,465
Unreserved, Designated for Budget Stabilization	34,229	0	0	34,229
Unreserved, Undesignated, Reported in:				
General Fund	768,479	0	0	768,479
Special Revenue Funds	0	0	229,899	229,899
Debt Service Funds	0	0	179,763	179,763
Capital Projects Funds	<u>0</u>	<u>625,349</u>	<u>13,427</u>	<u>638,776</u>
 <i>Total Fund Balances</i>	 <u><u>\$ 1,118,043</u></u>	 <u><u>\$ 901,895</u></u>	 <u><u>\$ 622,727</u></u>	 <u><u>\$ 2,642,665</u></u>

See accompanying notes to the basic financial statements.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2008*

	<u>General Fund</u>	<u>Classroom Facilities Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts				
Property and Other Local Taxes	\$ 1,108,826	\$ 0	\$ 372,245	\$ 1,481,071
Income Taxes	1,057,991	0	25,189	1,083,180
Intergovernmental	3,492,208	0	462,938	3,955,146
Interest	46,932	39,937	1,052	87,921
Tuition and Fees	274,545	0	58,533	333,078
Rent	931	0	0	931
Extracurricular Activities	0	0	98,297	98,297
Gifts and Donations	5,000	0	0	5,000
Customer Sales and Services	0	0	151,890	151,890
Miscellaneous	516	0	6,476	6,992
<i>Total Receipts</i>	<u>5,986,949</u>	<u>39,937</u>	<u>1,176,620</u>	<u>7,203,506</u>
Disbursements				
Current:				
Instruction:				
Regular	2,645,377	0	80,737	2,726,114
Special	573,389	0	204,825	778,214
Adult/Continuing	5,000	0	0	5,000
Other	182,211	0	0	182,211
Support Services:				
Pupils	89,747	0	0	89,747
Instructional Staff	201,661	0	71,042	272,703
Board of Education	9,012	0	0	9,012
Administration	492,469	0	14,044	506,513
Fiscal	194,284	0	20,003	214,287
Operation and Maintenance of Plant	574,600	0	71,106	645,706
Pupil Transportation	294,937	0	0	294,937
Operation of Non-Instructional Services	0	0	44,649	44,649
Operation of Food Services	2,107	0	255,929	258,036
Extracurricular Activities	154,203	0	96,499	250,702
Capital Outlay	0	140,359	71,803	212,162
Debt Service:				
Principal	0	0	137,188	137,188
Interest	0	0	112,370	112,370
<i>Total Disbursements</i>	<u>5,418,997</u>	<u>140,359</u>	<u>1,180,195</u>	<u>6,739,551</u>
<i>Net Change in Fund Balances</i>	567,952	(100,422)	(3,575)	463,955
<i>Fund Balance at Beginning of Year</i>	<u>550,091</u>	<u>1,002,317</u>	<u>626,302</u>	<u>2,178,710</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,118,043</u>	<u>\$ 901,895</u>	<u>\$ 622,727</u>	<u>\$ 2,642,665</u>

See accompanying notes to the basic financial statements.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Statement of Cash Receipts, Disbursements and Changes In Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2008*

	Original Budget	Final Budget	Actual	Variance with Final Budget
Receipts				
Property and Other Local Taxes	\$ 1,042,000	\$ 1,108,826	\$ 1,108,826	\$ 0
Income Taxes	859,000	1,057,991	1,057,991	0
Intergovernmental	3,182,382	3,492,208	3,492,208	0
Interest	50,000	45,000	46,932	1,932
Tuition and Fees	251,000	274,545	274,545	0
Rent	1,500	931	931	0
Gifts and Donations	5,000	5,000	5,000	0
Miscellaneous	0	516	516	0
Total Receipts	5,390,882	5,985,017	5,986,949	1,932
Disbursements				
Current:				
Instruction:				
Regular	2,668,429	2,677,227	2,666,022	11,205
Special	558,298	583,171	573,389	9,782
Adult/Continuing	5,000	5,000	5,000	0
Other	150,000	179,553	182,211	(2,658)
Support Services:				
Pupils	92,104	92,245	90,711	1,534
Instructional Staff	241,926	242,126	207,075	35,051
Board of Education	8,242	8,997	9,012	(15)
Administration	481,141	489,832	497,644	(7,812)
Fiscal	180,991	198,316	194,445	3,871
Operation and Maintenance of Plant	596,725	614,251	605,566	8,685
Pupil Transportation	321,759	320,179	303,399	16,780
Operation of Food Services	4,861	5,041	2,105	2,936
Extracurricular Activities:				
Sport Oriented Activities	131,516	131,516	154,251	(22,735)
Total Disbursements	5,440,992	5,547,454	5,490,830	56,624
Net Change in Fund Balances	(50,110)	437,563	496,119	58,556
Fund Balance at Beginning of Year	516,025	516,025	516,025	0
Prior Year Encumbrances Appropriated	34,066	34,066	34,066	0
Fund Balance at End of Year	\$ 499,981	\$ 987,654	\$ 1,046,210	\$ 58,556

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, 2008

	<u>Agency Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 42,928</u>
<i>Total Assets</i>	<u><u>\$ 42,928</u></u>
Net Assets	
Held in Trust for Student Activities	<u>\$ 42,928</u>
<i>Total Net Assets</i>	<u><u>\$ 42,928</u></u>

See accompanying notes to the basic financial statements.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Paulding County and consists of one facility and is staffed by 30 non-certified employees and 41 certified full-time teaching personnel who provide services to 708 students as well as other community members.

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

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

The School District is associated with five organizations which are defined as jointly governed organizations and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Career Center, Van Wert Area Schools Consortium Local Professional Development Committee, Ohio School Boards Association Workers' Compensation Group Rating Plan and Paulding County School Consortium's Employee Insurance Benefits Program. These organizations are presented in Notes 13 and 14 to the basic financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

B. Fund Accounting

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

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

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

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

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

Fiduciary Fund Types

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

C. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process

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

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

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

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$71,833.

E. Cash and Cash Equivalents

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

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

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.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2008, the School District invested in STAROhio. STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2008.

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 2008 was \$46,932, which includes \$27,160 interest assigned from other School 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 represent amounts required by State statute to be set aside for the acquisition of textbook and instructional materials or bus purchases and the unspent portion of certain workers' compensation refunds.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Compensated Absences

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Debt

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

N. Interfund Transactions

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

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

O. Intergovernmental Receipts

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

P. Receipts and Disbursements

Program Receipts

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Disbursements

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

NOTE 3 – IMPLEMENTATION OF NEW ACCOUNTING POLICIES

For the fiscal year ended June 30, 2008, the School District has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", and GASB Statement No. 50, "Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27."

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", to conform with requirements of GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

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

Deposits

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

**ANTWERP LOCAL SCHOOL DISTRICT
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the School District's deposits was \$733,584 and the bank balance was \$754,304. Of the bank balance, \$100,000 was covered by federal depository insurance and the remaining uninsured bank balance of \$654,304 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

At June 30, 2008, the School District had \$12,948 in cash with fiscal agent held by the Western Buckeye Educational Service Center, which is included on the statement of net assets and the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

Investments

Investments are reported at carrying value. As of June 30, 2008, the School District had \$1,939,061 invested in STAROhio.

Interest Rate Risk

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

Credit Risk

The School District's investments at June 30, 2008, in STAROhio are rated AAAM by Standard & Poor's. The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money

Concentration of Credit Risk

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

NOTE 5 - PROPERTY TAXES

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

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of the prior December 31. For 2007, tangible personal property is assessed at 12.5% for property. This percentage will be reduced to 6.25% for 2008 and zero for 2009.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 5 - PROPERTY TAXES (continued)

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

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

The School District receives property taxes from Paulding County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 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 2008 taxes were collected are:

	2007 Second-Half Collections		2008 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$24,431,705	94%	\$26,653,225	95%
Public Utility	328,965	1	322,266	1
Tangible Personal Property	<u>1,182,885</u>	<u>5</u>	<u>971,360</u>	<u>4</u>
Total Assessed Value	<u>\$25,943,555</u>	<u>100%</u>	<u>\$27,946,851</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$49.25		\$49.25	

NOTE 6 – INCOME TAXES

The School 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, .75% is a 5 year renewable tax, last renewed in January, 2006 for FY07 taxes and .75% of the income tax is a continuing tax. The School 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 School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund and Classroom Facilities Maintenance Fund.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 7 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2008, the School District contracted with Nationwide Insurance Company for property and fleet, general liability, and inland marine insurance coverage.

Ohio School Plan (at Replacement Cost):

Inland Marine Coverage

Musical Instruments (\$1,000 deductible)	\$ 150,000
Audio Visual Equipment (\$1,000 deductible)	200,000
Electronic Equipment (\$1,000 deductible)	616,626
Boiler and Machinery (\$1,000 deductible)	21,631,551
Crime Insurance (\$1,000 deductible)	25,000
<u>Automotive</u>	
Liability (\$500 deductible)	3,000,000
Uninsured Motorists	1,000,000
<u>General Liability</u>	
Per Occurrence	1,000,000
Per Year	3,000,000
<u>Umbrella Liability</u>	
Per Occurrence	2,000,000
Per Year	2,000,000

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 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Anthem CompServices provides administrative, cost control, and actuarial services to the GRP.

C. Health Care Benefits

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one-time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007 (the latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions.

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$219,531, \$311,166, and \$309,528, respectively; 87 percent has been contributed for fiscal year 2008, and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$22 made by the School District and \$6,039 made by the plan members.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 8 - DEFINED BENEFIT PENSION PLANS (continued)

B. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board.

The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$84,936, \$71,768, and \$71,306 respectively. The School District has paid all contributions required through June 30, 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, no 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

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio ("STRS Ohio"), and to retired non-certified employees and their dependents through the School Employees Retirement System ("SERS"). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The School District's contributions for fiscal years ended June 30, 2008, 2007 and 2006 were \$15,681, \$22,226 and \$22,109, respectively.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 (the latest information available), the balance in the Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000 and STRS Ohio had 122,934 eligible benefit recipients.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 9 - POST EMPLOYMENT BENEFITS (continued)

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68 percent. The School District's contributions for the fiscal year ended June 30, 2008 were \$4,125, which equaled the required contributions for the year.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2007, the health care allocation was 3.32 percent. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest information available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The School District's contributions for the years ended June 30, 2008, 2007 and 2006 were \$24,753, \$21,433 and \$21,249, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007 (the latest information available), the minimum compensation level was established at \$35,800.

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

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

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.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 11 - DEBT

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	<u>Interest Rate</u>	<u>Principal Outstanding 6/30/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/2008</u>	<u>Due Within One Year</u>
General Obligations						
2002 Bond Issue						
Current Interest	2.46-4.75%	\$2,545,000	\$ 0	\$ 135,000	\$2,410,000	\$ 140,000
Capital Appreciation	4.55-4.65%	85,998	0	0	85,998	0
Accretion of Interest		117,216	19,536	0	136,752	0
1988 Asbestos Loan	0.00%	2,188	0	2,188	0	0
Total General Obligations		<u>\$2,750,402</u>	<u>\$ 19,536</u>	<u>\$ 137,188</u>	<u>\$2,632,750</u>	<u>\$ 140,000</u>

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

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

The capital appreciation bonds will mature on December 1 in fiscal years 2013 and 2014 and are not subject to redemption prior to maturity. The maturity amount of the bonds is \$330,000. For fiscal year 2008, \$19,536 was accreted for a total capital appreciation bond value of \$222,750.

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

1988 Asbestos Loan - In 1988, the School District entered in to a loan through the United States Environmental Protection Agency for the purpose of removing asbestos from school buildings. This was an interest free promissory note that matured during fiscal year 2008 and had an original principal of \$89,688.

The School District's voted legal debt margin was \$62,230 with an unvoted debt margin of \$27,947 at June 30, 2008.

Future principal and interest requirements as of June 30, 2008 are as follows:

<u>Fiscal Year Ending June 30.</u>	<u>2002 Current Interest Bonds</u>	<u>2002 Capital Appreciation</u>	<u>Interest/ Accretion</u>	<u>Total</u>
2009	\$ 140,000	\$ 0	\$ 107,280	\$ 247,280
2010	145,000	0	101,756	246,756
2011	155,000	0	95,754	250,754
2012	160,000	0	89,295	249,295
2013	0	45,467	205,508	250,975
2014-2018	710,000	40,531	488,794	1,239,325
2019-2023	1,100,000	0	135,375	1,235,375
Total	<u>\$ 2,410,000</u>	<u>\$ 85,998</u>	<u>\$ 1,223,762</u>	<u>\$ 3,719,760</u>

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 12 - STATUTORY RESERVES

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2008, 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, 2008, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Set-aside balance as of June 30, 2007	\$ 119,714	\$ 0	\$ 13,557
Current Year Required Set-Aside	99,766	99,766	0
Current Year Offsets	0	(153,797)	0
Current Year Qualifying Disbursements	0	(1,803)	0
Total	\$ 219,480	\$ (55,834)	\$ 13,557
Set-aside balance carried forward to FY 2009	\$ 219,480		\$ 13,557
Prior Year Offsets carried forward		(3,235,276)	
Offset balance carried forward to FY 2009		\$(3,235,276)	

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

NOTE 13 - 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 2008, the School District paid \$45,640 to NWOCA 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.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS (continued)

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

NOTE 14 - GROUP PURCHASING POOLS

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

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

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

NOTE 15 - CONTINGENCIES

Grants - The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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. In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

NOTE 16 – CONTRACTUAL COMMITMENTS

At June 30, 2008 the School District had the following outstanding contractual commitment:

<u>Contractor/Vendor</u>	<u>Description</u>	<u>Contractual Commitment</u>	<u>Balance</u>
Miller Contracting Group, Inc.	Bus Barn Construction	\$ 610,500	\$ 470,141

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 17 – COMPLIANCE AND ACCOUNTABILITY

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

Ohio Revised Code Section 5705.39 requires that the School District's total appropriations do not exceed the total estimated revenue available for disbursement. Total final appropriations exceeded total final estimated resources for the following funds:

	Final Certificate of Estimated Resources	Final Appropriations	Excess
21 st Century Fund	\$ 0	\$ 9,475	\$ (9,475)
High School to Work Fund	2,522	3,000	(478)
Family School Partnership Grant	16,915	35,000	(18,085)
Title V Innovative Educational Program	631	1,463	(832)
Drug Free School Grant Fund	1,639	1,961	(322)
E-Rate Fund	0	9,073	(9,073)
Miscellaneous Federal Grants Fund	18,014	34,058	(16,044)
Permanent Improvement Fund	159,679	287,125	(127,466)
Classroom Facilities Fund	635,349	1,407,944	(772,595)

We're Ready For Your Future

December 30, 2008

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Antwerp Local School District (the School District) as of and for the years ended June 30, 2008 and June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain matters that we have reported to management of the School District in a separate letter dated December 30, 2008.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Findings 2008-01 and 2008-02. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 30, 2008.

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

Hea & Associates, Inc.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**
Schedule of Findings
Fiscal Years Ended June 30, 2008 and June 30, 2007

1. Summary of Auditor's Results

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

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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FINDING 2008-01 (Repeat from FY06)

Material Noncompliance Citation

Ohio Adm. Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepared its financial statements for fiscal years 2008 and 2007 in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report

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

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

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**
Schedule of Findings
Fiscal Years Ended June 30, 2008 and June 30, 2007

FINDING 2008-02

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official certificate or amended official certificate. When the appropriation does not exceed such official certificate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

For the year ended June 30, 2008, total final appropriations exceeded total final estimated resources in the following funds:

	Final Certificate of Estimated Resources	Final Appropriations	Excess
21 st Century Fund	\$ 0	\$ 9,475	\$ (9,475)
High School to Work Fund	2,522	3,000	(478)
Family School Partnership Grant	16,915	35,000	(18,085)
Title V Innovative Educational Program	631	1,463	(832)
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Miscellaneous Federal Grants Fund	18,014	34,058	(16,044)
Permanent Improvement Fund	159,679	287,125	(127,466)
Classroom Facilities Fund	635,349	1,407,944	(772,595)

Appropriating less than or equal to estimated resources is not only required by statute but is a key control in the budgetary and disbursement process to assure that revenues are expected to be received prior to budgeting expenditures that may exceed available revenues. To improve controls over budgeting and disbursements and to help reduce the possibility of the School District committing funds to be spent which are not available to spend, we recommend the School District monitor appropriations versus estimated resources to help avoid overspending.

Management's Response: Management will implement additional monitoring procedures to prevent future occurrences and remain in compliance with the aforementioned statute.

**ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY**
Schedule of Prior Audit Findings
Fiscal Years Ended June 30, 2008 and June 30, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-01	OAC 117-2-03 (B) -- Failure to prepare and file GAAP basis annual financial statements	No	Not Corrected – The District plans to continue reporting on the cash basis.



Mary Taylor, CPA
Auditor of State

ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 10, 2009